

FILE COPY



**CERTIFICATE OF INCORPORATION
OF A PRIVATE LIMITED COMPANY**

Company No. 4007273

The Registrar of Companies for England and Wales hereby certifies that

SHELL FOUNDATION

is this day incorporated under the Companies Act 1985 as a private company and that the company is limited.

Given at Companies House, London, the 31st May 2000



N04007273A

H. Burtin

For The Registrar Of Companies



C O M P A N I E S H O U S E

**OYEZ**

Please complete in
typescript, or in
bold black capitals.

12

Declaration on Application for Registration

4007273

Company Name in full

SHELL FOUNDATION

***F0120C10***

†Please delete as appropriate.

I, DIANA FOLLAND TAYLOR

of ALLEN + OVERY, ONE NEW CHANGE, LONDON EC4M 9QQ

do solemnly and sincerely declare that I am a ^{Barrister} ~~Solicitor~~ engaged in
the formation of the company/ ~~person named as director or~~
~~secretary of the company in the statement delivered to the Registrar~~
~~under section 10 of the Companies Act 1985~~† and that all the
requirements of the Companies Act 1985 in respect of the
registration of the above company and of matters precedent and
incidental to it have been complied with.

And I make this solemn Declaration conscientiously believing the same
to be true and by virtue of the Statutory Declarations Act 1835.

Declarant's signature

Diana Taylor

Declared at STEPHENSON HARWOOD, ONE ST. PAUL'S CHURCHYARD, LONDON EC4M 8SH

the 30th day of May, 2000

One thousand nine hundred and ninety

*Please print name.

before me* SAMANTHA MEESON

Signed

Samantha Meeson

Date

30th May 2000

A Commissioner for Oaths or Notary Public or Justice of the Peace
or Solicitor

Please give the name, address, telephone
number, and if available, a DX number and
Exchange of the person Companies House
should contact if there is any query.

DIANA TAYLOR

ALLEN + OVERY, ONE NEW CHANGE,
LONDON EC4M 9QQ Tel 0171 330 3780

DX number 73

DX exchange

When you have completed and signed the form please send it to the
Registrar of Companies at:
Companies House, Crown Way, Cardiff, CF4 3UZ
for companies registered in England and Wales **DX 33050 Cardiff**
or
Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB
for companies registered in Scotland **DX 235 Edinburgh**



OYEZ

Please complete in
typescript, or in
bold black capitals.



F030AC10

Company
Name in full

4007273

SHELL FOUNDATION

I, DIANA FOLLAND TAYLOR

of ALLEN + OVERY, ONE NEW CHANGE, LONDON EC4M 9QQ

~~Solicitor~~
Barrister
a ~~Solicitor~~ engaged in the formation of the company/ ~~person named~~
as director or secretary of the company in the statement delivered
under section 10 of the Companies Act 1985. I do solemnly and
sincerely declare that the company complies with the requirements
of section 30(3) of the Companies Act 1985.

†Please delete as appropriate.

And I make this solemn Declaration conscientiously believing the same
to be true and by virtue of the Statutory Declarations Act 1835.

Declarant's signature

Diana Taylor

Declared at

STEPHENSON HARWOOD, ONE ST. PAUL'S CHURCHYARD,
LONDON EC4M 8SH

the

30th

day of

May, 2000

One thousand nine hundred and ninety

*Please print name.

before me*

SAMANTHA MEESON

Signed

Samantha Meeson

Date

30th May 2000

A ~~Commissioner for Oaths or Notary Public or Justice of the Peace~~
or Solicitor

Please give the name, address, telephone
number, and if available, a DX number and
Exchange of the person Companies House
should contact if there is any query.

DIANA TAYLOR

ALLEN + OVERY, ONE NEW CHANGE,

LONDON EC4M 9QQ Tel 0171 330 3780

DX number 73

DX exchange

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or

Companies House, 37 Castle Terrace, Edinburgh, EH1 2EB

for companies registered in Scotland DX 235 Edinburgh

OYEZ

The Solicitors' Law Stationery Society Ltd, Oyez House, 7 Spa Road, London SE16 3QQ

Companies 30(5)(a)

1995 Edition
3.95 F29026

5017979

Please complete in typescript,
or in bold black capitals.

Notes on completion appear on final page.

First Directors and Secretary and Intended Situation of Registered Office



F0100C10

Proposed Registered Office
(PO Box numbers only, are not acceptable)

Company
Name in full

4007273

SHELL FOUNDATION

SHELL INTERNATIONAL LIMITED

SHELL CENTRE, YORK ROAD,

Post town

LONDON

County/Region

Postcode

SE1 7NA

If the memorandum is delivered by an
agent for the subscriber(s) of the
memorandum mark the box opposite and
give the agent's name and address.



Agent's Name

ALLEN & OVERY

Address

ONE NEW CHANGE

Post town

LONDON

County/Region

Postcode

EC4M 9QQ

Number of continuation sheets attached.

2

Please give the name, address, telephone
number, and if available, a DX number
and Exchange of the person Companies
House should contact if there is any
query.

DIANA TAYLOR

ALLEN & OVERY, ONE NEW CHANGE,

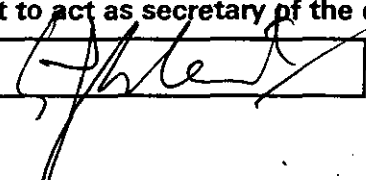
LONDON EC4M 9QQ Tel 020 7330 3780

DX number 73

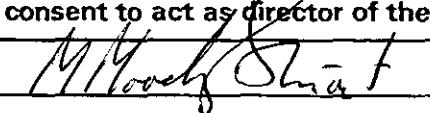
DX exchange

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for companies registered in Scotland DX 235 Edinburgh

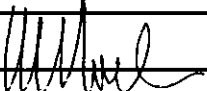
Company Secretary (see notes 1-5)

Company name		SHELL FOUNDATION	
NAME	*Style/Title	MR	*Honours etc.
Forename(s)		GORDON JOHN	
Surname		WEST	
Previous forename(s)			
Previous surname(s)			
Address		THE WHITE HOUSE	
Usual residential address For a corporation, give the registered or principal office address.		LOWER BASILDON	
Post town			
County/Region	BERKSHIRE	Postcode	R48 9NG
Country	ENGLAND		
I consent to act as secretary of the company named on page 1			
Consent signature			Date 12.5.2000

Directors (see notes 1-5)
Please list directors in alphabetical order.

NAME	*Style/Title	Dr	*Honours etc.
Forename(s)		MARK	
Surname		MOODY - STUART	
Previous forename(s)			
Previous surname(s)			
Address		9 GUN HOUSE	
Usual residential address For a corporation, give the registered or principal office address.		122 WAPPING HIGH STREET	
Post town		LONDON	
County/Region		Postcode	E1W 2NL
Country	UNITED KINGDOM		
Date of birth	Day Month Year	Nationality	BRITISH
	15 9 40		
Business occupation	Energy Company Executive		
Other directorships	The "Shell" Transport and Trading Company p.l.c. (Details continued on separate sheet)		
I consent to act as director of the company named on page 1			
Consent signature			Date 8th May 2000

Directors (continued) (see notes 1-5)

NAME	*Style/Title		*Honours etc.	
*Voluntary details.	Forename(s)	HENRICUS JOSEPHUS MARIA ROELS		
	Surname	ROELS		
	Previous forename(s)			
	Previous surname(s)			
Address	LOGOSBERG 2A			
Usual residential address For a corporation, give the registered or principal office address.	1251 GL			
	Post town	LAREN		
	County/Region		Postcode	
	Country	THE NETHERLANDS		
	Date of birth	Day	Month	Year
		26	7	48
	Nationality	DUTCH		
	Business occupation	GROUP MANAGING DIRECTOR		
	Other directorships	The Shell Petroleum Company Limited		
		(Details continued on separate sheet)		
	I consent to act as director of the company named on page 1			
	Consent signature			Date
				25/05/00

This section must be signed byEither
an agent on behalf
of all subscribers

Signed

Date

Or the subscribers

Signed

Date

(i.e. those who signed
as members on the
memorandum of
association).

Signed

Date

Signed

Date

Signed

Date

Signed

Date

Signed

Date

Directors (continued) (see notes 1-5)

NAME	*Style/Title			*Honours etc.		
*Voluntary details.	Forename(s)	HENRICUS JOSEPHUS MARIA ROELS				
	Surname	ROELS				
	Previous forename(s)					
	Previous surname(s)					
	Address	LOGOSBERG 2A				
Usual residential address For a corporation, give the registered or principal office address.		1251 GL				
	Post town					
	County/Region			Postcode		
	Country	THE NETHERLANDS				
	Date of birth	Day	Month	Year	Nationality	
		26	7	48		DUTCH
	Business occupation	GROUP MANAGING DIRECTOR				
	Other directorships	The Shell Petroleum Company Limited				
		(Details continued on separate sheet)				
	I consent to act as director of the company named on page 1					
	Consent signature				Date	
		see separate sheet				

This section must be signed by**Either
an agent on behalf
of all subscribers****Signed****Date****Or the subscribers****Signed****Date****(i.e. those who signed
as members on the
memorandum of
association).****Signed****Date****Signed****Date****Signed****Date****Signed****Date****Signed****Date**

Directors (continued) (see notes 1-5)**NAME** *Style/Title

*Honours etc.

*Voluntary details.

Forename(s)

JYOTI

Surname

MUNSIFF

Previous forename(s)

Previous surname(s)

Address

24 LEEWARD GARDENS

Usual residential address

For a corporation, give the registered or principal office address.

Post town

LONDON

County/Region

Postcode

SW19 7QR

Country

Date of birth

Day Month Year
19 02 47

Nationality

BRITISH

Business occupation

SOLICITOR

Other directorships

Shell Deep Water Drilling Company Limited

(Details continued on separate sheet)

I consent to act as director of the company named on page 1

Consent signature

Jyoti Munsi

Date

11-05-2000

This section must be signed byEither
an agent on behalf
of all subscribers

Signed

Date

Or the subscribers

Signed

Date

(i.e. those who signed
as members on the
memorandum of
association).

Signed

Date

Signed

Date

Signed

Date

Signed

Date

Signed

Date

Directors (continued) (see notes 1-5)

NAME	*Style/Title	SIR		*Honours etc.	CBE FRS	
*Voluntary details.	Forename(s)	JOHN THEODORE				
	Surname	HOUGHTON				
	Previous forename(s)					
	Previous surname(s)					
	Address	BRYNHYFRID				
Usual residential address For a corporation, give the registered or principal office address.	Post town	ABERDYFI				
	County/Region	GWYNEDD	Postcode	LL35 0SN		
	Country	UK				
	Date of birth	Day	Month	Year	Nationality	
		30	12	31	BRITISH	
	Business occupation	SCIENTIST				
	Other directorships	JOHN RAY INITIATIVE				
	I consent to act as director of the company named on page 1					
	Consent signature	J H Houghton			Date	15 May 2000

This section must be signed byEither
an agent on behalf
of all subscribers

Signed

Date

Or the subscribers

Signed

Date

(i.e. those who signed
as members on the
memorandum of
association).

Signed

Date

Signed

Date

Signed

Date

Signed

Date

Signed

Date

Directors (continued) (see notes 1-5)

NAME	*Style/Title	PROFESSOR		*Honours etc.	
*Voluntary details.	Forename(s)	JOSE			
	Surname	GOLDEMBERG			
	Previous forename(s)				
	Previous surname(s)				
Address	RUA DR. ALCEU DE ASSIS 64 - APT. 162				
Usual residential address For a corporation, give the registered or principal office address.	JARDIM EUROPA				
	Post town	SAO PAULO			
	County/Region	SAO PAULO	Postcode	01455-110	
	Country	BRAZIL, S.A.			
	Date of birth	Day	Month	Year	Nationality
		27	05	28	BRAZILIAN
	Business occupation	UNIVERSITY PROFESSOR			
	Other directorships				
	I consent to act as director of the company named on page 1				
	Consent signature	Jon Goldemberg		Date	May 26/2000

This section must be signed byEither
an agent on behalf
of all subscribers

Signed

Date

Or the subscribers

Signed

Date

(i.e. those who signed
as members on the
memorandum of
association).

Signed

Date

Signed

Date

Signed

Date

Signed

Date

Signed

Date

Notes

1. Show for an individual the full forename(s) NOT INITIALS and surname together with any previous forename(s) or surname(s).

If the director or secretary is a corporation or Scottish firm – show the corporate or firm name on the surname line.

Give previous forename(s) or surname(s) except that:

- for a married woman, the name by which she was known before marriage need not be given.
- names not used since the age of 18 or for at least 20 years need not be given.

A peer, or an individual known by a title, may state the title instead of or in addition to the forename(s) and surname and need not give the name by which that person was known before he or she adopted the title or succeeded to it.

Address:

Give the usual residential address.

In the case of a corporation or Scottish firm give the registered or principal office.

Subscribers:

The form must be signed personally either by the subscriber(s) or by a person or persons authorised to sign on behalf of the subscriber(s).

2. Directors known by another description:

- A director includes any person who occupies that position even if called by a different name, for example, governor, member of council.

3. Directors' details:

- Show for each individual director the director's date of birth, business occupation and nationality.

The date of birth must be given for every individual director.

4. Other directorships:

- Give the name of every company of which the person concerned is a director or has been a director at any time in the past 5 years. You may exclude a company which either is or at all times during the past 5 years when the person was a director, was:
 - dormant,
 - a parent company which wholly owned the company making the return,
 - a wholly owned subsidiary of the company making the return, or
 - another wholly owned subsidiary of the same parent company.

If there is insufficient space on the form for other directorships you may use a separate sheet of paper, which should include the company's number and the full name of the director.

5. Use Form 10 continuation sheets or photocopies of page 2 to provide details of joint secretaries or additional directors and include the company's number.

Mark Moody-Stuart: Company Directorships continued

Company Name	Number
Shell International Limited	3075807
Shell Upstream Investments Plc	3932110
The Shell Centenary Scholarship Fund	3608466
The Shell Petroleum Company Limited	77861
Liverpool School of Tropical Medicine	
Shell Canada Limited	
Shell International B.V.	
Shell Investments (1996) Limited	
Shell Oil Company	
Shell Petroleum Inc.	
Shell Petroleum N.V.	

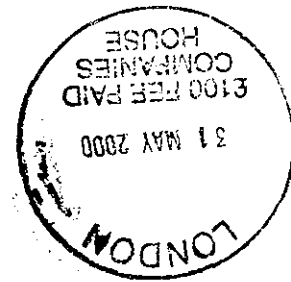
Henricus Roels : Company Directorships continued

Company Name	Number
Shell International Limited	3075807
Shell Upstream Investments P.L.C.	3932110
The Shell Centenary Scholarship Fund	3608466
Shell Petroleum N.V.	
Shell Nederland B.V	
Shell International B.V.	
N.V. Koninklijke Nederlandsche Petroleum Maatschappij	

Jyoti Munsiff : Company Directorships continued

Company Name	Number
International Inland Waterways Limited	217861
Price's (China) Limited	124755
Price's (South Africa) Limited	124756
Shell Corporate Director Ltd	3838877
Shell Treasury Centre Limited	3466994
Shell Treasury Dollar Company Limited	3469401
Shell Treasury Euro Company Limited	3469395
Shell Trophon P.L.C.	2075240
The Anglo-Saxon Petroleum Company Limited	93924
The Mexican Eagle Oil Company Limited	130054
Prince of Wales Business Leaders Forum	

Company No: 4007273



THE COMPANIES ACT 1985

COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL

MEMORANDUM
AND
ARTICLES OF ASSOCIATION
OF
SHELL FOUNDATION

INCORPORATED ON , 2000

ALLEN & OVERY
LONDON

PHM/DFT/PC:84351.7

NAWEST

109880

N/INC.

THE COMPANIES ACT 1985
COMPANY LIMITED BY GUARANTEE AND
NOT HAVING A SHARE CAPITAL
MEMORANDUM OF ASSOCIATION

- of -

SHELL FOUNDATION

1. The name of the Company is " Shell Foundation" ("the **Charity**").
2. The Registered Office of the Charity shall be situate in England and Wales.
3. (A) The Objects for which the Charity is established ("the **Objects**") are to promote in any part of the world:
 - (1) the protection and preservation of the environment and public health by means of education and research (including the dissemination of the useful results of such research) into the provision and use of energy in ways that reduce or eliminate harmful emissions and in such other subjects of study as the **Trustees** think fit; and by such other means as the Trustees think fit;
 - (2) the advancement of education of young persons and adults or male or female adults including the provision of scholarships at universities in the United Kingdom for post-graduate students, particularly citizens of countries other than the United Kingdom;
 - (3) the establishment in life of young persons aged not more than 30 years;
 - (4) the relief of poverty, suffering, hardship and distress;
 - (5) such other purposes being exclusively charitable according to the law of England and Wales as the Trustees may from time to time determine;
- (B) The Charity in carrying out the Objects shall have and (subject to the **articles**) may exercise (but only to the extent to which the same may lawfully be exercised by a company having exclusively charitable objects) all or any of the following powers:
 - (1) to conduct or promote the conduct of research (including the dissemination of the results of such research);
 - (2) to provide scholarships, exhibitions, grants and allowances to students or prospective students at any educational or training establishment;

- (3) to promote, initiate, develop and carry out education and training and arrange and provide or assist in arranging and providing exhibitions, lectures, meetings, seminars, conferences, displays, workshops or classes;
- (4) to award bursaries or make loans (with or without interest) to persons who are of limited means and are not more than 30 years of age when the bursary is awarded or the loan is made to enable them to establish themselves in their chosen profession, trade, craft or service;
- (5) to make any charitable donations in cash or assets for the furtherance of the Objects;
- (6) to establish or support any charitable body formed for all or any of the Objects and to subscribe or guarantee money for charitable purposes calculated to further the Objects;
- (7) to solicit, receive and accept financial assistance, donations, endowments, gifts (both inter vivos and testamentary), loans of money and any other property whatsoever, real or personal and subject or not to any special charitable trust or any condition: PROVIDED that the Charity shall not undertake any permanent trading activities in raising funds for the Objects;
- (8) to reserve funds for special purposes or against future expenditure;
- (9) to enter into arrangements with any government department, local authority, university, college, professional body or other body or person;
- (10) to advertise in such manner as may be thought expedient with a view to promoting the Objects;
- (11) to acquire any copyright, patent, translation, publication, right of publication or reproduction or other intellectual property right which may appear useful to the Charity and to protect, prolong, register, renew, exercise, develop, turn to account, use or manufacture the same;
- (12) subject to such consents as may be required by law, to acquire, dispose of and enter into every other kind of transaction in relation to land, buildings, equipment, goods and other assets;
- (13) subject to such consents as may be required by law, to borrow or raise any money and obtain any form of credit or finance on such terms and on such security as may be thought fit;
- (14) to invest in its own name or in the name of nominees moneys of the Charity not immediately required for its purposes in or upon such investments, securities or property as may be thought fit subject nevertheless to such conditions (if any) and such consents (if any) as may for the time being be imposed or required by law and subject also as provided below;
- (15) to appoint as the Charity's investment manager ("the **Manager**") such person as may be thought fit who is either:

- (a) an individual of repute with at least 15 years' experience of investment management who is an authorised person within the meaning of the Financial Services Act 1986, or
- (b) a company or firm of repute which is an authorised or exempted person within the meaning of that Act otherwise than by virtue of section 45(1)(j) of that Act or a company or firm of repute which is an Affiliate: PROVIDED that the Trustees are satisfied that the appointment of such Affiliate is expedient in the interests of the Charity;

and to delegate to the Manager the exercise of the power contained in paragraph (14) of this sub-clause: PROVIDED that:

- (c) the terms of appointment of the Manager are reasonable and, in particular, shall enable the appointment to be determined or its terms varied on reasonable notice;
 - (d) the Charity shall authorise the Manager to exercise such delegated power *only within clear investment policy guidelines laid down from time to time by the Charity* and the Charity shall use its best endeavours to ensure that those guidelines are observed;
 - (e) the Charity shall ensure that it is kept informed on a regular basis on the performance of its investment portfolio managed by the Manager and on the exercise by the Manager of its delegated authority and shall also review such performance and such exercise on a regular basis; and
 - (f) the Charity shall review the appointment of the Manager and its terms at such intervals not exceeding 24 months as it thinks fit;
- (16) to draw, make, accept, endorse, discount, execute, issue and deal with promissory notes, bills of exchange and other instruments of any kind, whether or not negotiable or transferable and to operate bank accounts in the name of the Charity;
 - (17) to appoint and (subject to the provisions of clause 4) pay upon such reasonable terms as may be thought fit solicitors, accountants, bankers, brokers or other agents to transact any business required to be done in the administration of the Charity (including the receipt and payment of money): PROVIDED that any business transacted by any such agent shall be reported in due course to the Trustees;
 - (18) to engage and (subject to the provisions of clause 4) pay upon such reasonable terms as may be thought fit any person or persons whether on a full-time or part-time basis or on secondment and whether as consultant or employee to supervise, organise, carry on the work of and advise the Charity;
 - (19) (subject to the provisions of clause 4) to pay reasonable annual sums or premiums for or towards the provision of pensions for officers and

employees for the time being of the Charity or their widow, widower or dependants;

- (20) to insure the property of the Charity against any foreseeable risks and take out other insurance policies to protect the Charity as required;
- (21) to insure against the costs of a successful defence to criminal or civil proceedings brought against them as Trustees of the Charity or against personal liability incurred in respect of any negligence, default, breach of trust or breach of duty: PROVIDED that such insurance shall not extend to any claim arising from any act or omission which the Trustee concerned knew that, or was reckless whether, it was negligent or a default, breach of trust or breach of duty;
- (22) to undertake and carry out any charitable trusts or agencies;
- (23) to secure the discharge of any of the Charity's liabilities and obligations in any lawful manner;
- (24) to amalgamate or affiliate with (by joining or co-operation or some other means) or to acquire or take over all or part of the undertaking or assets of any charitable association or institution having objects altogether or in part similar to those of the Charity and not formed for profit which the Charity may lawfully acquire or take over but so that any steps so taken shall not enlarge the Objects or involve any activity or disbursement of funds which shall not further the attainment of the Objects;
- (25) to pay all expenses arising in connection with the formation and registration of the Charity;
- (26) to do all such other lawful things (whether similar to the foregoing or not) as shall further the attainment of the Objects.

4. The income and property of the Charity shall be applied solely towards the promotion of the Objects and shall not be paid or distributed directly or indirectly howsoever by way of profit to any member of the Charity ("**Member**") or to any Trustee and (save as provided in this clause) no Trustee shall be appointed to any office of the Charity paid by salary or fees or receive any remuneration or other benefit in money or money's worth from the Charity: PROVIDED that nothing in this clause shall prevent any payment in good faith by the Charity:

- (1) of reasonable remuneration to any Member or Affiliate (not being a Trustee) for any services rendered to the Charity;
- (2) of interest at a reasonable rate on money lent by any Member;
- (3) of reasonable rent for premises leased or let by any Member or Affiliate (not being a Trustee);
- (4) of reasonable out-of-pocket expenses to any Trustee;

- (5) of professional fees to any Trustee, or to any firm or body corporate in which any such Trustee is beneficially interested, for services rendered to the Charity when instructed by his co-Trustees to act in a professional capacity on behalf of the Charity:

PROVIDED that:

- (a) such Trustee shall not be present at or take part in any discussions or decision relating to such fees or remuneration;
 - (b) the other Trustees are satisfied that the level of fees or remuneration is reasonable having regard to the services rendered;
 - (c) the other Trustees are satisfied that the engagement of such Trustee's services is expedient in the interests of the Charity having regard to his ability, qualifications or experience;
 - (d) the number of Trustees for the time being in receipt of fees or remuneration from the Charity shall not exceed a minority of the Trustees.
- (6) of reasonable premiums in respect of indemnity insurance effected in accordance with clause 3(B)(21) above.

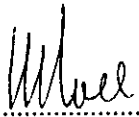
5. The liability of the Members is limited.
6. Every Member undertakes to contribute to the assets of the Charity, in the event of the same being wound up while he is a Member or within one year after he ceases to be a Member, for payment of the debts and liabilities of the Charity contracted before he ceases to be a Member, and of the costs, charges and expenses of winding-up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding one pound.
7. If upon the winding-up or dissolution of the Charity there remains, after the satisfaction of all its debts and liabilities, any property whatsoever, the same shall not be paid to or distributed among the Members but shall be given or transferred to some other charitable institution or institutions having objects similar to the Objects and which shall prohibit the distribution of its or their income and property to an extent at least as great as is imposed on the Charity under or by virtue of clause 4, such institution or institutions to be determined by the Members at or before the time of dissolution, and if and so far as effect cannot be given to such provision, then to some other charitable object.
8. Words and expressions defined in the Articles of Association have the same meanings in this Memorandum.

WE, the subscriber to this Memorandum of Association, wish to be formed into a charitable company pursuant to this Memorandum.

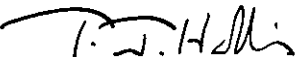
Name and address of subscriber

Signature

THE SHELL PETROLEUM COMPANY LIMITED
Shell Centre
London
SE1 7NA

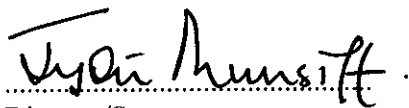

.....
Director

WITNESS to the above signature:


Signature: 
.....

Name: T.J. HOLLINS

Address: 25 Cornwall Road
London SE1 8TW


.....
~~Director~~/Secretary

WITNESS to the above signature:

Signature: 
.....

Name: T.J. HOLLINS

Address: 25 Cornwall Road
London SE1 8TW

DATED 30 May, 2000

Company No:

THE COMPANIES ACT 1985
COMPANY LIMITED BY GUARANTEE
AND NOT HAVING A SHARE CAPITAL

ARTICLES OF ASSOCIATION

OF

SHELL FOUNDATION

PRELIMINARY

1. None of the regulations contained or incorporated in Tables A or C in the Schedule to the Companies (Tables A to F) Regulations 1985 shall apply to the Charity except so far as the same are contained or repeated in these articles.

MEMBERS

2. The subscriber to the Memorandum and such other persons or organisations as are admitted to membership in accordance with rules made under article 47 shall be Members. No person or organisation shall be admitted as Member unless his or its application for membership is approved by the Trustees.

GENERAL MEETINGS

3. The Charity shall hold a general meeting in every calendar year as its annual general meeting at such time and place as may be determined by the Board, and shall specify the meeting as such in the notices calling it: PROVIDED that so long as the Charity holds its first annual general meeting within 18 months after its incorporation it need not hold it in the calendar year of its incorporation or in the following calendar year.
4. The annual general meeting shall be held for the following purposes:
 - (1) to receive from the Board a full statement of account;
 - (2) to receive from the Board a report of the activities of the Charity since the previous annual general meeting;
 - (3) to appoint the Charity's auditors; and
 - (4) to transact such other business as may be brought before it.
5. All general meetings other than annual general meetings shall be called extraordinary general meetings.
6. The Trustees may call general meetings and, on the requisition of Members pursuant to the provisions of the Act, shall forthwith proceed to convene an extraordinary general meeting for a date not later than eight weeks after receipt of the requisition. If there are not within the

United Kingdom sufficient Trustees to call a general meeting, any Trustee or any Member may call a general meeting.

7. (1) A general meeting of the Charity may consist of a conference between Members some or all of whom are in different places provided that each Member who participates is able:
 - (a) to hear each of the other participating Members addressing the meeting, and
 - (b) if he so wishes, to address all of the other participating Members simultaneously,

whether directly, by conference telephone or by any other form of communications equipment (whether in use when these articles are adopted or not) or by a combination of those methods.
- (2) A quorum is deemed to be present if the conditions set out in article 10 are satisfied.
- (3) A meeting held in this way is deemed to take place at the place where the largest group of participating Members is assembled or, if no such group is readily identifiable, at the place from where the chairman of the meeting participates.
- (4) A resolution put to the vote of a meeting held in this way shall be decided by each Member indicating to the chairman (in such manner as the chairman shall direct) whether the Member votes in favour of or against the resolution or abstains.
- (5) References in this article to Members shall include their duly appointed proxies.

NOTICE OF GENERAL MEETINGS

8. (1) An annual general meeting and an extraordinary general meeting called for the passing of a special resolution shall be called by at least twenty-one clear days' notice. All other extraordinary general meetings shall be called by at least fourteen clear days' notice but a general meeting may be called by shorter notice if it is so agreed:
 - (a) in the case of an annual general meeting, by all the Members entitled to attend and vote at the meeting; and
 - (b) in the case of any other meeting by a majority in number of the Members having a right to attend and vote.
 - (2) The notice shall specify the time and place of the meeting and the general nature of the business to be transacted and, in the case of an annual general meeting, shall specify the meeting as such.
 - (3) Subject to the provisions of these articles, the notice shall be given to all the Members and to the Trustees and auditors of the Charity.
9. The accidental omission to give notice of a general meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

PROCEEDINGS AT GENERAL MEETINGS

10. No business shall be transacted at any general meeting unless a quorum is present. One Member, present in person or by proxy, shall be a quorum.
11. If such a quorum is not present within half an hour from the time appointed for the meeting or if during a meeting such a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other time and place as the Trustees may determine.
12. The Member present or, if more than one, some other Member elected by the Members shall preside as chairman of the meeting.
13. The chairman of the meeting may, with the consent of a meeting at which a quorum is present (and shall if so directed by the meeting), adjourn the meeting from time to time and from place to place, but no business shall be transacted at an adjourned meeting other than business which might properly have been transacted at the meeting had the adjournment not taken place. When a meeting is adjourned for fourteen days or more, at least seven clear days' notice shall be given specifying the time and place of the adjourned meeting and the general nature of the business to be transacted. Otherwise it shall not be necessary to give any such notice.
14. In the case of an equality of votes the chairman of the meeting shall be entitled to a casting vote in addition to any other vote he may have.

MEMBERS' RESOLUTIONS

15. (1) A resolution in writing signed by or on behalf of all the Members who would be entitled to vote on it if it had been proposed at a general meeting at which he was present shall be as valid and effectual as if it had been passed at a general meeting duly convened and held. The resolution may be contained in one document or in several documents each stating the terms of the resolution accurately and if the resolution is described as a special or extraordinary resolution it shall have effect accordingly. This article is in addition to, and not limited by, the provisions in sections 381A, 381B and 381C of the Act.
- (2) In this article references to a document being "signed" include it being approved by letter or facsimile.

VOTES OF MEMBERS

16. Every Member shall be entitled to attend and vote at general meetings. Every Member present in person or by proxy shall have one vote on every resolution, whether taken on a show of hands or otherwise. A person who is a proxy for a Member shall have one vote for each Member for whom he is a proxy, as well as his own vote if he is himself a Member.
17. An instrument appointing a proxy shall be in writing executed by or on behalf of the appointor and shall be in any form which is usual or which the Trustees may approve.
18. The instrument appointing a proxy and any authority under which it is executed (or such copy of the instrument or the authority or both as the directors may approve) may:

- (a) be deposited at the office or at such other place within the United Kingdom as is specified in the notice convening the meeting or in any instrument of proxy sent out by the Charity in relation to the meeting not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote; or
- (b) be deposited at the place where the meeting or adjourned meeting is to be held at any time before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote;

and an instrument of proxy which is not deposited or delivered in a manner so permitted shall be invalid.

- 19. A vote given by proxy shall be valid notwithstanding the previous determination of the authority of the person voting unless notice of the determination was received by the Charity at the office or at such other place at which the instrument of proxy was duly deposited before the commencement of the meeting or adjourned meeting at which the vote is given.

TRUSTEES AND THE BOARD

- 20. (1) The Board shall comprise five Trustees, of whom:
 - (a) three shall be directors, officers or employees of The Shell Petroleum Company Limited (the "**Foundation Trustees**"); and
 - (b) two shall not be directors, officers or employees of The Shell Petroleum Company Limited (the "**Nominated Trustees**").
- (2) Subject to article 20(6), the Trustees shall hold office for a period of three years from the date of their appointment and shall, if qualified, be eligible for re-appointment for further periods (without limitation) of not more than three years from the date of their re-appointment.
- (3) No person shall be appointed a Trustee of the Charity unless he shall be a natural person who has attained the age of eighteen years.
- (4) No person shall be entitled to act as a Trustee (whether on a first or subsequent appointment) until after signing a declaration of willingness to act as a Trustee of the Charity.
- (5) Trustees shall (subject to article 20(6)) be appointed and may be removed by notice in writing by the Board of Directors of The Shell Petroleum Company Limited signed on its behalf by any officer of the Board of Directors of The Shell Petroleum Company Limited so authorised. Any appointment or removal shall take effect when lodged at the office or produced at any meeting of the Board.

- (6) The following persons shall be the first Trustees and (subject to the provisions of article 22) shall hold office for the following periods respectively:

- **Foundation Trustees**

Mark Moody-Stuart
for three years from the date of incorporation of the Charity;

Henricus Josephus Maria Roels
for two years from the date of incorporation of the Charity;

Jyoti Munsiff
for one year from the date of incorporation of the Charity;

- **Nominated Trustees**

Sir John Theodore Houghton
for three years from the date of incorporation of the Charity;

Professor José Goldemberg
for two years from the date of incorporation of the Charity;

CHAIRMAN

21. The Trustees shall appoint one of the Foundation Trustees to be Chairman. The Chairman shall hold office until he shall cease to be a Trustee or for such shorter period as the Board may decide.

DISQUALIFICATION AND REMOVAL OF TRUSTEES

22. The office of a Trustee shall automatically terminate:
- (1) if he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director or a Trustee; or
 - (2) if he becomes bankrupt or makes any arrangement or composition with his creditors generally; or
 - (3) if he is, or may be, suffering from mental disorder and in relation to that disorder either he is admitted to hospital for treatment or an order is made by a court (whether in the United Kingdom or elsewhere) for his detention or for the appointment of some person to exercise powers with respect to his property or affairs; or
 - (4) if he resigns his office by notice to the Charity (but only if at least three Trustees will remain in office when the notice is to take effect); or
 - (5) on the expiration of his term of office; or
 - (6) if he is removed from office pursuant to article 20(5); or
 - (7) if he shall have been absent without permission of the Trustees from three consecutive Board meetings.

POWERS OF TRUSTEES

23. (1) Subject to the provisions of the Act, the Memorandum and these articles and to any directions given by special resolution, the business of the Charity shall be managed by the Trustees who may exercise all the powers of the Charity. No alteration of the Memorandum or these articles and no such direction shall invalidate any prior act of the Board which would have been valid if that alteration had not been made or that direction had not been given.
- (2) The powers given by this article shall not be limited by any special power given to the Trustees by the articles and a Board meeting at which a quorum is present may exercise all powers exercisable by the Board.

DELEGATION OF TRUSTEES' POWERS

24. The Trustees may delegate revocably to a committee or committees consisting of two or more persons appointed by them the exercise of any of their powers and duties and, notwithstanding that membership of any such committee shall be for such period as the Trustees shall from time to time decide, membership of any such committee may be terminated by the Trustees at will: PROVIDED that:
- (1) all proceedings of any such committee shall be reported promptly to the Trustees;
- (2) no such committee shall incur expenditure except in accordance with a budget which has been approved by the Trustees.

The proceedings of any such committee shall be governed by the articles regulating the proceedings of the Trustees so far as they are capable of applying.

TRUSTEES' AND COMMITTEE MEMBERS' EXPENSES

25. The Trustees and the members of any committee appointed pursuant to article 24 may be paid all reasonable travelling, hotel, and other expenses properly incurred by them in connection with the discharge of their duties.

TRUSTEES' APPOINTMENTS AND INTERESTS

26. (1) No Trustee shall be accountable for any remuneration or other benefit received by him (whether by reason of his position with the Charity or otherwise) from any body corporate, securities of which comprise the assets of the Charity or any part thereof: PROVIDED that where the Trustee's appointment to a position with such body corporate resulted wholly or partly from the exercise of voting rights vested in the Charity then such Trustee shall be accountable for any benefit or other remuneration received by him except to the extent that such benefit or remuneration represents reasonable compensation for the services provided by the Trustee to the body corporate concerned.
- (2) A Trustee who is in any way, whether directly or indirectly, interested in any contract, transaction or arrangement or any proposed contract, transaction or arrangement with the Charity shall declare the nature of his interest at a meeting of the Trustees and may not:

- (a) be counted in the quorum for that part of the meeting; or
- (b) vote on any resolution concerning the matter.

PROCEEDINGS OF BOARD

27. Subject to the provisions of the articles, the Trustees may regulate their proceedings as they think fit but shall hold not less than two meetings a year. A Trustee may, and the Secretary at the request of a Trustee shall, call a meeting of the Board. Not less than 48 hours' notice of Board meetings shall be given to all Trustees. Questions arising at a meeting shall be decided by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.
28. No power or discretion conferred on the Trustees shall be exercised in or towards the discharge of legal obligations of The Shell Petroleum Company Limited or any Affiliate or otherwise except in furtherance of the Objects.
29. (1) Subject to article 29(2) the quorum at a meeting for the transaction of the business of the Board shall be two, of whom one shall be a Foundation Trustee.
- (2) In relation to any contract, transaction or arrangement or any proposed contract, transaction or arrangement in which the Foundation Trustees are, directly or indirectly, interested other than as a Trustee by reason of their connection, whether as employee, director, officer or in some other capacity, with The Shell Petroleum Company Limited or any Affiliate, the quorum shall be two Nominated Trustees.
30. If such a quorum is not present within half an hour from the time appointed for the meeting, or if during a meeting such a quorum ceases to be present, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other time and place as the Trustees may determine.
31. (1) Subject to article 31(2), the Chairman or, in his absence, some other Foundation Trustee appointed by the Trustees shall preside as chairman of meetings of the Trustees.
- (2) For the purpose of meetings of the Nominated Trustees under article 29(2), the Nominated Trustees shall appoint one of themselves to be chairman of the meeting.
32. The continuing Trustees or a sole continuing Trustee may act notwithstanding any vacancies in their number but, if their number is reduced below the number fixed as a quorum by article 30(1), the continuing Trustees or Trustee may act for the purpose of increasing the number of Trustees to that number but for no other purpose.
33. All acts done by a meeting of the Board or by a person acting as a Trustee shall, notwithstanding that it be afterwards discovered that there was a defect in the appointment of any Trustee or that any of them were disqualified from holding office, or had vacated office, or were not entitled to vote, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Trustee and had been entitled to vote.
34. (1) A resolution in writing signed and dated by all the Trustees entitled to receive notice of a meeting of the Board shall be as valid and effectual as if it had been passed at a

Board meeting duly convened and held. The resolution may be contained in one document or in several documents each stating the terms of the resolution accurately and signed and dated by one or more Trustees. The resolution will be treated as passed on the date of the last signature.

- (2) In this article references to a document being "signed" include its being approved by letter or facsimile.
35. (1) A meeting of the Board may consist of a conference between Trustees some or all of whom are in different places provided that each Trustee who participates is able:
- (a) to hear each of the other participating Trustees addressing the meeting; and
 - (b) if he so wishes, to address all of the other participating Trustees simultaneously, whether directly or by conference or by any other form of communications equipment (whether in use when these articles are adopted or not) or by a combination of those methods.
- (2) A quorum is deemed to be present if the conditions set out in article 30 are satisfied.
- (3) A meeting held in this way is deemed to take place at the place where the largest group of participating Trustees is assembled or, if no such group is readily identifiable, at the place from where the chairman participates.
36. If a question arises at a Board meeting as to the right of a Trustee to vote, the question may, before the conclusion of the meeting, be referred to the chairman of the meeting and his ruling in relation to any Trustee other than himself shall be final and conclusive. In relation to the chairman, the question shall be decided by resolution of the other Trustees.

DIRECTOR

37. The Trustees may appoint and (subject to clause 5 of the Memorandum) pay upon such reasonable terms as may be determined a Director of the Charity to assist in the management of the business of the Charity and to perform such duties and exercise such ministerial powers subject to such conditions as the Trustees from time to time determine, and any Director so appointed may be removed by reasonable notice.

SECRETARY

38. Subject to the provisions of the Act and to clause 4 of the Memorandum, the Secretary shall be appointed by the Board for such term, at such remuneration and upon such conditions as to notice and otherwise as it may think fit; and any Secretary so appointed may be removed by the Board.

TREASURER AND OTHER OFFICERS

39. Subject to the provisions of the Act and to clause 4 of the Memorandum, the Board may appoint a Treasurer and such other officers as it may decide for such term, at such remuneration and upon such conditions as to notice and otherwise as it may think fit; and any Treasurer or other officer so appointed may be removed by the Board.

MINUTES

40. The Trustees shall cause written minutes to be made:
- (1) of all appointments of officers made by the Trustees; and
 - (2) of all proceedings at meetings of the Charity, of the Board, of committees appointed pursuant to article 24 and any Advisory Board established pursuant to article 25, including the names of the persons present at each such meeting.

SEAL

41. (1) The Charity may exercise the powers conferred by the Statutes with regard to having official seals and those powers shall be vested in the Board.
- (2) The Board shall provide for the safe custody of every seal which the Charity may have.
- (3) A seal shall be used only by the authority of the Board but that authority may consist of an instruction or approval given by letter, facsimile or telephone by a majority of the Trustees.
- (4) The Board may determine who shall sign any instrument to which a seal is applied, *either generally or in relation to a particular instrument or type of instrument*, and may also determine, either generally or in any particular case, that such signatures shall be dispensed with or affixed by some mechanical means.
- (5) Unless otherwise decided by the Trustees any instrument to which a seal is applied shall be signed by at least one Trustee and the Secretary or by at least two Trustees.

ACCOUNTS, REPORTS AND RETURNS

42. The Trustees shall comply with the requirements of the Act and of the Charities Act 1993 with respect to the keeping of accounting records, the audit or independent examination of accounts and the preparation and transmission to the Registrar of Companies and the Charity Commissioners for England and Wales of:
- (1) annual accounts; and
 - (2) annual reports; and
 - (3) annual returns.

NOTICES

43. Any notice to be given to or by any person pursuant to these articles shall be in writing except that a notice calling a Board meeting need not be in writing.
44. The Charity may give any notice to a Member either personally or by sending it by post in a prepaid envelope addressed to the Member at his registered address or by leaving it at that address.

45. A Member present in person at any meeting of the Charity shall be deemed to have received notice of the meeting and, where required, of the purposes for which it was called.

46. Proof that:

- (1) an envelope containing a notice was properly addressed, prepaid and posted (by first class post, where available); or
- (2) a facsimile transmission setting out the terms of the notice was properly despatched

shall be conclusive evidence that the notice was given. A notice shall be deemed to be given at the expiration of 24 hours after the envelope containing it was so posted or, in the case of telex or facsimile transmission, when despatched.

TRUSTEES' INDEMNITY

47. Subject to the provisions of the Act but without prejudice to any indemnity to which a Trustee may otherwise be entitled, every Trustee or other officer or auditor of the Charity shall be indemnified out of the assets of the Charity against any liability incurred by him in defending any proceedings (whether civil or criminal) in which judgment was given in his favour or he is acquitted or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Charity: PROVIDED THAT:

- (1) this indemnity shall not apply to any liability to the extent that it is recovered from any other person; and
- (2) the indemnity is subject to such Trustee or other officer or auditor taking all reasonable steps to effect such recovery, so that the indemnity shall not apply to the extent that an alternative right of recovery is capable of being enforced.

RULES

48. The Trustees may from time to time make and alter such rules consistent with the Memorandum, the articles and the Act as they may deem necessary for the proper conduct and administration of the Charity, including the regulation of procedure at general meetings, meetings of the Board, meetings of committees and meetings of any Advisory Board.

DISSOLUTION

49. Clause 7 of the Memorandum relating to the winding up and dissolution of the Foundation shall have effect as if the provisions thereof were repeated entirely in these articles.

INTERPRETATION

50. (1) In the Memorandum and in these articles:

"the Act" means the Companies Act 1985;

"Affiliate" means:

- (i) N.V. Koninklijke Nederlandsche Petroleum Maatschappij;

- (ii) The "Shell" Transport and Trading Company, p.l.c.; and
- (iii) Any company which is for the time being directly or indirectly controlled by N.V. Koninklijke Nederlandsche Petroleum Maatschappij and The "Shell" Transport and Trading Company, p.l.c. or by either of them. For this purpose, a company is directly controlled by another company or companies holding shares carrying the majority of votes exerciseable at a general meeting (or its equivalent) of the first mentioned company; and a particular company is indirectly controlled by a company or companies (hereinafter called "**the parent company or companies**") if a series of companies can be specified, beginning with the parent company or companies and ending with the particular company, so related that each company of the series except the parent company or companies is directly controlled by one or more of the preceding companies in the series;

"**the articles**" mean these articles of association as originally adopted or as from time to time altered;

"**the Board**" means the board of Trustees of the Charity;

"**the Chairman**" means the chairman of the Board;

"**the Charity**" means the company called The Shell Foundation regulated by the memorandum and articles;

"**clear days**" in relation to the period of a notice means that period excluding the day when the notice is given or deemed to be given and the day for which it is given or on which it is to take effect;

"**executed**" includes any mode of execution;

"**Member**" means a person who is a member of the Charity for the purposes of the Act;

"**Memorandum**" means the memorandum of association as originally adopted or as from time to time altered;

"**Objects**" means the Objects of the charity declared by clause 3(A) of the Memorandum;

"**office**" means the registered office of the Charity.

"**seal**" means any common seal of the Charity or any official seal or securities seal which the Foundation may have or be permitted to have under the Statutes;

"**Secretary**" means the secretary of the Charity or any other person appointed to perform the duties of the secretary of the Charity including a joint, assistant or deputy secretary;

"**Statutes**" means the Act and every other statute, statutory instrument, regulation or order for the time being in force covering companies registered under the Act;

"the **Trustees**" means the members of the Board for the time being of the Charity who are the directors of the company for the purposes of the Act and the Charity trustees within the meaning of section 96(1) of the Charities Act 1993; and


"the **United Kingdom**" means Great Britain and Northern Ireland.

- (2) Any reference in these articles to an enactment includes a reference to that enactment as re-enacted or amended from time to time and to any subordinate legislation so made under that enactment.
- (3) Unless the context otherwise requires, words or expressions contained in these articles bear the same meaning as in the Act but excluding any statutory modification of it not in force when these articles become binding on the Charity.
- (4) Unless the contrary intention appears, words importing the singular number include the plural number and vice versa, words importing one gender include all genders and words importing persons include bodies corporate and unincorporated associations.
- (5) Headings to these articles are inserted for convenience and shall not affect construction.


Name and address of subscriber

Signature

THE SHELL PETROLEUM COMPANY LIMITED
Shell Centre
London SE1 7NA

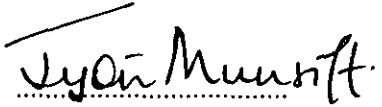

.....
Director

WITNESS to the above signature:

Signature.....

Name: T.J. HOLLINS

Address 25 Cornwall Road
London SE1 8TW


~~Director~~ Secretary

WITNESS to the above signature:

Signature: 

Name: T.J. HOLLINS

Address: 25 Cornwall Road
London SE1 8TW

DATED 30 May, 2000

Companies House

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SHELL CORPORATE SECRETARY LIMITED

Correspondence address **Shell Centre, Shell Centre, London, England, SE1 7NA**

Role Active **Secretary**

Appointed on **18 November 2009**

Registered in a European Economic Area What's this?

Placed registered **ENGLAND**

Registration number **289003**

BRINDED, Malcolm Arthur

Correspondence address **Shell Centre, London, SE1 7NA**

Role Active **Director**

Date of birth **March 1953**

Appointed on **25 May 2004**

Nationality **British**

Country of residence **Netherlands**

Occupation **Oil Company Executive**

BROWN, Andrew

Correspondence address **Shell Centre, London, SE1 7NA**

Role Active **Director**

Date of birth **January 1962**

Appointed on **26 November 2015**

Nationality **British**

Country of residence **Netherlands**

Occupation **Oil Company Executive**

CARNEY, Diana Lisa

Correspondence address **Shell Centre, London, SE1 7NA**

Role Active **Director**

Date of birth **September 1965**

Appointed on **6 June 2017**

Nationality **British**

Country of residence **England**

Occupation **Economist**

CHAPPLE, Alice Georgina

Correspondence address **Shell Centre, London, SE1 7NA**

Role Active **Director**

Date of birth **June 1964**

Appointed on **6 June 2017**

Nationality **British**

Country of residence **United Kingdom**

Occupation **Company Director/Consultant**

KIGOZI, Margaret Jean Blick, Professor

Correspondence address **Shell Centre, London, SE1 7NA**

Role Active **Director**

Date of birth **July 1950**

Appointed on **21 November 2015**

Nationality **Ugandan**

Country of residence **Uganda**

Occupation **Entrepreneur**

LYNCH, Sinead Caitlin

Correspondence address **Shell Centre, London, SE1 7NA**

Role Active **Director**

Date of birth **July 1971**

Appointed on **11 January 2017**

Nationality **Irish**

Country of residence **United Kingdom**

Occupation **Oil Company Executive**

VERHAGEN, Maxime Jacques Marcel

Correspondence address **Shell Centre, London, SE1 7NA**

Role Active **Director**

Date of birth **September 1956**

Appointed on **12 June 2014**

Nationality **Dutch**

Country of residence **Netherlands**

Occupation **Chairman Dutch Construction & Infrastructure Fed**

WETSELAAR, Maarten

Correspondence address **Shell Centre, London, SE1 7NA**

Role Active **Director**

Date of birth **December 1968**

Appointed on **5 August 2016**

Nationality **Dutch**

Country of residence **Netherlands**

Occupation **Oil Company Executive**

SANGER, David Hywel

Correspondence address **23 Craven Gardens, Wimbledon, London, SW19 8LU**

Role Resigned **Secretary**

Appointed on **27 April 2001**

Resigned on **18 November 2009**

WEST, Gordon John

Correspondence address **The White House, Lower Basildon, Berkshire, RG8 9NG**

Role Resigned **Secretary**

Appointed on **31 May 2000**

Resigned on **27 April 2001**

Nationality **British**

BANDA, Enos Ned, Doctor

Correspondence address **111 Willow Road, Atholl, Johannesburg, 2196, South Africa, FOREIGN**

Role Resigned **Director**

Date of birth **September 1965**

Appointed on **17 August 2002**

Resigned on **25 May 2004**

Nationality **South Africa**

Occupation **Ceo**

DECYK, Roxanne Jean

Correspondence address **Riouwstraat 138, The Hague, 2585 Hv, Netherlands**

Role Resigned **Director**

Date of birth **November 1952**

Appointed on **1 September 2006**

Resigned on **30 June 2009**

Nationality **United States Citizen**

Occupation **Oil Company Executive**

FRESCO, Louise Otillie, Professor

Correspondence address **Shell Centre, London, SE1 7NA**

Role Resigned **Director**

Date of birth **February 1952**

Appointed on **1 June 2011**

Resigned on **1 March 2014**

Nationality **Dutch**

Country of residence **Netherlands**

Occupation **University Professor**

GOLDEMBERG, Jose, Professor

Correspondence address **Rua Dr Alceu De Assis 64 Apt 162, Jardim Europa, Sao Paulo 01455-110, Brazil**

Role Resigned **Director**

Date of birth **May 1928**

Appointed on **31 May 2000**

Resigned on **25 January 2002**

Nationality **Brazilian**

Occupation **University Professor**

HOUGHTON, John Theodore, Sir

Correspondence address **Brynhyfryd, Aberdyfi, Gwynedd, LL35 0SN**

Role Resigned **Director**

Date of birth **December 1931**

Appointed on **31 May 2000**

Resigned on **17 June 2010**

Nationality **British**

Country of residence **United Kingdom**

Occupation **Scientist**

KALEMA, William Samson, Dr

Correspondence address **P O Box 4483, Kampala, Uganda, FOREIGN**

Role Resigned **Director**

Date of birth **January 1952**

Appointed on **8 November 2005**

Resigned on **1 July 2015**

Nationality **Ugandan**

Occupation **Company Director**

MALLOCH-BROWN, George Mark, Lord

Correspondence address **Shell Centre, London, SE1 7NA**

Role Resigned **Director**

Date of birth **September 1953**

Appointed on **17 June 2010**

Resigned on **24 November 2016**

Nationality **British**

Country of residence **England**

Occupation **Chairman Fti Global Affairs**

MITCHELL, Hugh Sydney

Correspondence address **Shell Centre, London, SE1 7NA**

Role Resigned **Director**

Date of birth **February 1957**

Appointed on **1 May 2013**

Resigned on **26 November 2015**

Nationality **British**

Country of residence **Netherlands**

Occupation **Oil Company Executive**

MOODY STUART, Mark, Sir

Correspondence address **9 Gun House, 122 Wapping High Street, London, E1W 2NL**

Role Resigned **Director**

Date of birth **September 1940**

Appointed on **31 May 2000**

Resigned on **6 December 2001**

Nationality **British**

Occupation **Oil Company Executive**

MUNSIFF, Jyoti Eruch

Correspondence address **Shell Centre, London, SE1 7NA**

Role Resigned **Director**

Date of birth **February 1947**

Appointed on **31 May 2000**

Resigned on **31 August 2006**

Nationality **British**

Country of residence **United Kingdom**

Occupation **Oil Company Executive**

ROELS, Henricus Josephus Maria

Correspondence address **Logosberg 2a, Laren, 1251 GI, The Netherlands**

Role Resigned **Director**

Date of birth **July 1948**

Appointed on **31 May 2000**

Resigned on **31 March 2002**

Nationality **Netherlands**

Occupation **Oil Company Executive**

VAN BEURDEN, Bernardus Cornelis Adriana Margriet

Correspondence address **Shell Centre, London, SE1 7NA**

Role Resigned **Director**

Date of birth **April 1958**

Appointed on **1 July 2009**

Resigned on **7 July 2016**

Nationality **Dutch**

Country of residence **Netherlands**

Occupation **Oil Company Executive**

VAN DER VEER, Jeroen

Correspondence address **Shell Centre, London, SE1 7NA**

Role Resigned **Director**

Date of birth **October 1947**

Appointed on **5 June 2002**

Resigned on **30 June 2009**

Nationality **Dutch**

Occupation **Oil Company Executive**

VOSER, Peter Robert

Correspondence address **Shell Centre, London, SE1 7NA**

Role Resigned **Director**

Date of birth **August 1958**

Appointed on **1 July 2009**

Resigned on **30 April 2013**

Nationality **Swiss**

Country of residence **Switzerland**

Occupation **Oil Company Executive**

WATTS, Philip Beverley

Correspondence address **Sunnyridge, Hill Farm Lane, Binfield, Berkshire, RG42 5NR**

Role Resigned **Director**

Date of birth **June 1945**

Appointed on **6 December 2001**

Resigned on **3 March 2004**

Nationality **British**

Occupation **Oil Company Executive**

WINSEMIUS, Pieter

Correspondence address **Dr Catzlaan 2c, Blaricum, 1261cg, The Netherlands**

Role Resigned **Director**

Date of birth **March 1942**

Appointed on **21 March 2007**

Resigned on **24 October 2010**

Nationality **Dutch**

Occupation **Management Consultant**

WINSEMIUS, Pieter

Correspondence address **Dr Catzlaan 2c, Blaricum, 1261cg, The Netherlands**

Role Resigned **Director**

Date of birth **March 1942**

Appointed on **26 November 2001**

Resigned on **26 September 2006**

Nationality **Dutch**

Occupation **Management Consultant**

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Termination of a Director Appointment

Company Name: **SHELL FOUNDATION**

Company Number: **04007273**



Received for filing in Electronic Format on the: **08/02/2017**

X5ZUEJ0H

Termination Details

Date of termination: **24/11/2016**

Name: **LORD GEORGE MARK MALLOCH-BROWN**

Authorisation

Authenticated

This form was authorised by one of the following:

Director, Secretary, Person Authorised, Liquidator, Administrator, Administrative Receiver, Receiver, Receiver manager, Charity Commission Receiver and Manager, CIC Manager, Judicial Factor.





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— for the record —

AP01 (ef)

Appointment of Director



X1AITCIA

Company Name: **SHELL FOUNDATION**

Company Number: **04007273**

Received for filing in Electronic Format on the: **06/06/2012**

New Appointment Details

Date of Appointment: **17/06/2010**

Name: **LORD GEORGE MARK MALLOCH-BROWN**

Consented to Act: **YES**

Service Address recorded as Company's registered office

Country/State Usually Resident: **ENGLAND**

Date of Birth: **16/09/1953**

Nationality: **BRITISH**

Occupation: **CHAIRMAN FTI GLOBAL AFFAIRS**

Authorisation

Authenticated

This form was authorised by one of the following:

Director, Secretary, Person Authorised, Administrator, Administrative Receiver, Receiver, Receiver Manager, Charity Commission Receiver and Manager, CIC Manager, Judicial Factor.



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AR01 (ef)

Annual Return



Received for filing in Electronic Format on the: 10/04/2013

X260LIKO

Company Name: SHELL FOUNDATION

Company Number: 04007273

Date of this return: 31/03/2013

SIC codes: 94990

Company Type: Private company limited by guarantee exempt under section 60

Situation of Registered Office: SHELL CENTRE
LONDON
ENGLAND
SE1 7NA

Officers of the company

Company Secretary 1

Type: **Corporate**
Name: **SHELL CORPORATE SECRETARY LIMITED**

*Registered or
principal address:* **SHELL CENTRE
LONDON
ENGLAND
SE1 7NA**

European Economic Area (EEA) Company

Register Location: **ENGLAND**
Registration Number: **289003**

Company Director 1

Type: **Person**
Full forename(s): **MR MALCOLM ARTHUR**

Surname: **BRINDED**

Former names:

Service Address recorded as Company's registered office

Country/State Usually Resident: **ENGLAND**

Date of Birth: **18/03/1953** *Nationality:* **BRITISH**
Occupation: **OIL COMPANY EXECUTIVE**

Company Director 2

Type: **Person**
Full forename(s): **PROFESSOR LOUISE OTTILLIE**

Surname: **FRESCO**

Former names:

Service Address recorded as Company's registered office

Country/State Usually Resident: **NETHERLANDS**

Date of Birth: **11/02/1952** *Nationality:* **DUTCH**

Occupation: **UNIVERSITY PROFESSOR**

Company Director **3**

Type: **Person**
Full forename(s): **DR WILLIAM SAMSON**

Surname: **KALEMA**

Former names:

Service Address: **P.O. BOX 4483**
 KAMPALA
 UGANDA

Country/State Usually Resident: **UGANDA**

Date of Birth: **17/01/1952** *Nationality:* **UGANDAN**
Occupation: **COMPANY DIRECTOR**

Company Director 4

Type: **Person**
Full forename(s): **LORD GEORGE MARK**

Surname: **MALLOCH-BROWN**

Former names:

Service Address recorded as Company's registered office

Country/State Usually Resident: **ENGLAND**

Date of Birth: **16/09/1953** Nationality: **BRITISH**
Occupation: **CHAIRMAN, FTI GLOBAL
AFFAIRS**

Company Director 5

Type: **Person**
Full forename(s): **BERNARDUS**

Surname: **VAN BEURDEN**

Former names:

Service Address recorded as Company's registered office

Country/State Usually Resident: **ENGLAND**

Date of Birth: **23/04/1958** Nationality: **DUTCH**
Occupation: **OIL COMPANY EXECUTIVE**

Company Director **6**

Type: **Person**
Full forename(s): **MR PETER ROBERT**

Surname: **VOSER**

Former names:

Service Address recorded as Company's registered office

Country/State Usually Resident: **ENGLAND**

Date of Birth: **29/08/1958** *Nationality:* **SWISS**

Occupation: **OIL COMPANY EXECUTIVE**

Company Director 7

Type: **Person**
Full forename(s): **DR PIETER**

Surname: **WINSEMIUS**

Former names:

Service Address: **DR. CATZLAAN 2C
BLARICUM
NETHERLANDS
1261 CG**

Country/State Usually Resident: **NETHERLANDS**

Date of Birth: **07/03/1942** *Nationality:* **DUTCH**

Occupation: **MANAGEMENT CONSULTANT**

Authorisation

Authenticated

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Director, Secretary, Person Authorised, Charity Commission Receiver and Manager, CIC Manager, Judicial Factor.

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SHELL FOUNDATION

Company number **04007273**

Date	Type	Description	View / Download
20 Apr 2018	CS01	Confirmation statement made on 20 April 2018 with no updates	(3 pages)
07 Dec 2017	CH01	Director's details changed for Sinead Caitlin Lynch on 24 July 2017	(2 pages)
21 Jul 2017	AA	Group of companies' accounts made up to 31 December 2016	(35 pages)
16 Jun 2017	AP01	Appointment of Ms Alice Georgina Chapple as a director on 6 June 2017	(2 pages)
16 Jun 2017	AP01	Appointment of Ms Diana Lisa Carney as a director on 6 June 2017	(2 pages)
27 Apr 2017	CS01	Confirmation statement made on 27 April 2017 with updates	(4 pages)
08 Feb 2017	TM01	Termination of appointment of George Mark Malloch-Brown as a director on 24 November 2016	(1 page)
13 Jan 2017	AP01	Appointment of Sinead Caitlin Lynch as a director on 11 January 2017	(2 pages)
28 Sep 2016	TM01	Termination of appointment of Bernardus Cornelis Adriana Margriet Van Beurden as a director on 7 July 2016	(1 page)
22 Aug 2016	AP01	Appointment of Mr Maarten Wetselaar as a director on 5 August 2016	(2 pages)
02 Aug 2016	AA	Group of companies' accounts made up to 31 December 2015	(45 pages)
11 Apr 2016	AR01	Annual return made up to 31 March 2016 no member list	(5 pages)
06 Jan 2016	AP01	Appointment of Mr Andrew Brown as a director on 26 November 2015	(2 pages)
27 Nov 2015	AP01	Appointment of Professor Margaret Jean Blick Kigozi as a director on 21 November 2015	(2 pages)
27 Nov 2015	TM01	Termination of appointment of Hugh Sydney Mitchell as a director on 26 November 2015	(1 page)
13 Oct 2015	AA	Full accounts made up to 31 December 2014	(31 pages)
17 Aug 2015	TM01	Termination of appointment of William Samson Kalema as a director on 1 July 2015	(1 page)
17 Apr	AR01	Annual return made up to 31 March 2015 no member list	(5 pages)

2015				
15 Jul 2014	AP01	Appointment of Mr Maxime Jacques Marcel Verhagen as a director on 12 June 2014	(2 pages)	
25 Jun 2014	AA	Full accounts made up to 31 December 2013	(33 pages)	
30 Apr 2014	AR01	Annual return made up to 31 March 2014 no member list	(5 pages)	
28 Apr 2014	TM01	Termination of appointment of Louise Fresco as a director	(1 page)	
09 Jan 2014	TM01	Termination of appointment of Pieter Winsemius as a director	(1 page)	
28 Nov 2013	CH01	Director's details changed for Bernardus Van Beurden on 27 November 2013	(2 pages)	
27 Jun 2013	AA	Full accounts made up to 31 December 2012	(33 pages)	

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SHELL FOUNDATION

Company number **04007273**

Date	Type	Description	View / Download
31 May 2013	TM01	Termination of appointment of Peter Voser as a director	(1 page)
21 May 2013	AP01	Appointment of Mr Hugh Sydney Mitchell as a director	(2 pages)
20 May 2013	AP01	Appointment of Mr Hugh Sydney Mitchell as a director	(2 pages)
11 Apr 2013	AR01	Annual return made up to 31 March 2013 no member list	(7 pages)
27 Jun 2012	AA	Full accounts made up to 31 December 2011	(32 pages)
26 Jun 2012	AP01	Appointment of Professor Louise Ottillie Fresco as a director	(2 pages)
18 Jun 2012	MEM/ARTS	Memorandum and Articles of Association	(21 pages)
07 Jun 2012	AP01	Appointment of Lord George Mark Malloch-Brown as a director	(2 pages)
15 May 2012	RESOLUTIONS	Resolutions <ul style="list-style-type: none"> • RES01 - Resolution of Memorandum and/or Articles of Association 	(2 pages)
24 Apr 2012	AR01	Annual return made up to 31 March 2012 no member list	(6 pages)
16 Sep 2011	AA	Full accounts made up to 31 December 2010	(32 pages)
28 Jun 2011	MEM/ARTS	Memorandum and Articles of Association	(20 pages)
28 Jun 2011	RESOLUTIONS	Resolutions <ul style="list-style-type: none"> • RES01 - Resolution of Memorandum and/or Articles of Association 	(1 page)
13 Apr 2011	AR01	Annual return made up to 31 March 2011 no member list	(8 pages)
22 Oct 2010	TM01	Termination of appointment of John Houghton as a director	(1 page)
26 Jul 2010	AA	Full accounts made up to 31 December 2009	(31 pages)
09 Apr 2010	AR01	Annual return made up to 31 March 2010 no member list	(5 pages)
11 Dec 2009	AP04	Appointment of Shell Corporate Secretary Limited as a secretary	(2 pages)
11 Dec 2009	TM02	Termination of appointment of David Sanger as a secretary	(1 page)
29 Jul 2009	288a	Director appointed bernardus van beurden	(2 pages)
28 Jul 2009	288a	Director appointed peter robert voser	(2 pages)
25 Jul 2009	288b	Appointment terminated director jeroen van der veer	(1 page)
25 Jul 2009	288b	Appointment terminated director roxanne decyk	(1 page)
19 Jun 2009	AA	Group of companies' accounts made up to 31 December 2008	(31 pages)
17 Apr 2009	363a	Annual return made up to 31/03/09	(4 pages)

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Company number **04007273**

Date	Type	Description	View / Download
29 Sep 2008	AA	Group of companies' accounts made up to 31 December 2007	(32 pages)
23 Apr 2008	363a	Annual return made up to 31/03/08	(4 pages)
18 Dec 2007	MEM/ARTS	Memorandum and Articles of Association	(17 pages)
18 Dec 2007	RESOLUTIONS	Resolutions <ul style="list-style-type: none"> RES13 - Apt r decyks 07/12/07 <p>This document is currently unavailable, a copy can be ordered from the Contact Centre. Telephone +44 (0)303 1234 500. There is a £3.00 charge per document.</p>	
18 Dec 2007	RESOLUTIONS	Resolutions <ul style="list-style-type: none"> RES01 - Resolution of Memorandum and/or Articles of Association 	(2 pages)
12 Sep 2007	AA	Group of companies' accounts made up to 31 December 2006	(31 pages)
21 May 2007	288a	New director appointed	(2 pages)
11 Apr 2007	363a	Annual return made up to 31/03/07	(2 pages)
10 Dec 2006	288b	Director resigned	(1 page)
26 Oct 2006	288a	New director appointed	(2 pages)
26 Oct 2006	288b	Director resigned	(1 page)
11 Sep 2006	AA	Group of companies' accounts made up to 31 December 2005	(25 pages)
27 Apr 2006	363a	Annual return made up to 31/03/06	(2 pages)
20 Dec 2005	AAMD	Amended group of companies' accounts made up to 31 December 2004	(22 pages)
08 Dec 2005	AA	Group of companies' accounts made up to 31 December 2004	(22 pages)
30 Nov	288a	New director appointed	(2 pages)

2005			
29 Apr 2005	363a	Annual return made up to 31/03/05	(2 pages)
07 Jan 2005	288c	Director's particulars changed	(1 page)
28 Sep 2004	AA	Full accounts made up to 31 December 2003	(21 pages)
20 Sep 2004	288c	Director's particulars changed	(1 page)
14 Jul 2004	288c	Director's particulars changed	(1 page)
24 Jun 2004	288a	New director appointed	(2 pages)
24 Jun 2004	288b	Director resigned	(1 page)
30 Apr 2004	363a	Annual return made up to 31/03/04	(7 pages)
16 Mar 2004	288b	Director resigned	(1 page)

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Company number **04007273**

Date	Type	Description	View / Download
25 Oct 2003	AA	Full accounts made up to 31 December 2002	(23 pages)
09 Oct 2003	244	Delivery ext'd 3 mth 31/12/02	(2 pages)
28 May 2003	AUD	Auditor's resignation	(1 page)
30 Apr 2003	363a	Annual return made up to 31/03/03	(7 pages)
15 Nov 2002	288a	New director appointed	(2 pages)
27 Oct 2002	AA	Full accounts made up to 31 December 2001	(18 pages)
18 Jul 2002	288b	Director resigned	(1 page)
01 Jul 2002	288a	New director appointed	(2 pages)
02 Jun 2002	287	Registered office changed on 02/06/02 from: shell interantional LIMITED shell centre york road london SE1 7NA	(1 page)
27 May 2002	363a	Annual return made up to 31/03/02	(7 pages)
13 May 2002	288c	Director's particulars changed	(1 page)
08 Mar 2002	288b	Director resigned	(1 page)
10 Jan 2002	288a	New director appointed	(2 pages)
14 Dec 2001	288b	Director resigned	(1 page)
14 Dec 2001	288a	New director appointed	(2 pages)
01 Nov 2001	AA	Full accounts made up to 31 December 2000	(17 pages)
10 May 2001	288b	Secretary resigned	(1 page)
10 May	288a	New secretary appointed	(2 pages)

2001

10 May 2001	RESOLUTIONS	Resolutions	(1 page)
		<ul style="list-style-type: none">• RES01 - Resolution of Memorandum and/or Articles of Association	
27 Apr 2001	363a	Annual return made up to 31/03/01	(7 pages)
03 Apr 2001	RESOLUTIONS	Resolutions	
		<ul style="list-style-type: none">• ELRES - Elective resolution	
		This document is currently unavailable, a copy can be ordered from the Contact Centre. Telephone +44 (0)303 1234 500. There is a £3.00 charge per document.	
03 Apr 2001	RESOLUTIONS	Resolutions	
		<ul style="list-style-type: none">• ELRES - Elective resolution	
		This document is currently unavailable, a copy can be ordered from the Contact Centre. Telephone +44 (0)303 1234 500. There is a £3.00 charge per document.	
03 Apr 2001	RESOLUTIONS	Resolutions	(1 page)
		<ul style="list-style-type: none">• ELRES - Elective resolution	
23 Mar 2001	225	Accounting reference date shortened from 31/05/01 to 31/12/00	(1 page)
14 Jul 2000	288c	Director's particulars changed	(1 page)

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Company number **04007273**

Date	Type	Description	View / Download
14 Jul 2000	288c	Director's particulars changed	(1 page)
31 May 2000	NEWINC	Incorporation	(34 pages)

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**SHELL
FOUNDATION**

Shell Foundation

(a company limited by guarantee)

Report of the Trustees and financial statements for the year ended 31 December 2013

Company Registered Number: 4007273

Charity Registered Number: 1080999

THURSDAY



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19/06/2014

#305

COMPANIES HOUSE

Shell Foundation

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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

Shell Foundation

Trustees, directors, officers and advisors

Trustees (who are also directors)

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

Mr Malcolm Brinded, CBE	Chairman, nominated trustee	
Mr Ben van Beurden		
Mr Hugh Mitchell		Appointed 1 May 2013
Lord Mark Malloch-Brown	Nominated trustee	
Dr William Kalema	Nominated trustee	
Prof Louise Fresco	Nominated trustee	Resigned 1 March 2014
Mr Peter Voser		Resigned 30 July 2013
Mr Maxime Verhagen	Nominated trustee	Appointed 11 June 2014

Principal Officers

Dr Chris West	Director
Shell Corporate Secretary Ltd	Secretary
Mrs Amanda Burston	Finance Manager

Registered Office

Shell Centre
London
SE1 7NA

Independent Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

Bankers

Lloyds Bank plc
25 Gresham Street
London EC2V 7HN

Investment Custodian

JP Morgan Chase Bank
60 Victoria Embankment
London EC4Y 0JP

Shell Foundation

Report of the Trustees for the year ended 31 December 2013

The trustees, who are also directors of the company for the purpose of the Companies Act, present their annual report and the audited financial statements for the year ended 31 December 2013.

The information with respect to trustees, directors, officers and advisors set out on page 3 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005 and the Charities Act 2011.

Status and Administration

Shell Foundation ('the Foundation') is a charitable company limited by guarantee, incorporated on 31 May 2000 (company registration number 4007273) and registered with the Charity Commission as a charity on 2 June 2000 (charity registration number 1080999). Since 14 February 2008, the Foundation has had charity registration with the tax authorities in The Netherlands (as an *algemeen nut beogende instelling*, registration number 823793059). The Foundation is also registered in the United States of America under section 501(c)(4) of the Internal Revenue Code, identification number 98 0368454.

Structure, Governance and Management

Governance and Internal Controls

The trustees are appointed by the sole member of the Foundation (The Shell Petroleum Company Limited), in consultation with the existing trustees.

New trustees are provided with information on trustee guidelines as prepared by the Charity Commission, and information on the Foundation as appropriate. Briefing discussions are held with the Director of the Foundation and other key staff. Trustees are requested annually to confirm any related party transactions.

The trustees meet formally twice each year. They review and approve:

- A strategic plan and annual budget for the Foundation.
- The Foundation's financial results, variances from budget, investment performance, and non-financial performance indicators.
- Internal controls (including delegation of authorities and segregation of duties).
- Risks associated with the Foundation's activities and appropriate mitigation measures in respect of those risks.
- The team's performance against pre-determined annual targets
- Certain actions that are above the authority level of the Director or Management Team.

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

Shell Foundation

Report of the Trustees (continued) for the year ended 31 December 2013

Statement of trustees' responsibilities

The trustees (who are also directors of Shell Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Relationship with the Shell Group

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

In addition, the trustees explicitly recognised their charitable responsibilities in this regard by stating formally in the Shell Foundation Business Principles that the charity'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. The Foundation operates an assurance system to identify, assess and validate this.

The Foundation was formally incorporated on 31 May 2000 and registered as a charity on 2 June 2000. Between incorporation and 31 December 2000, donations of US\$259m were received from Shell Group companies, of which US\$256m was in the form of an expendable endowment and the balance as unrestricted funds. In addition to the endowment, the Foundation has received unrestricted and restricted donations from the Shell Group until 2013 totalling US\$189m, and will receive further unrestricted and restricted donations in 2014.

Shell Foundation

Report of the Trustees (continued) for the year ended 31 December 2013

Grant Commitments

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

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

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, based on reports from the grantee, and 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.

Shell Foundation

Report of the Trustees (continued) for the year ended 31 December 2013

Objectives and Activities for the Public Benefit

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

1. The protection and preservation of the environment and public health by means of education and research into the provision and use of energy in ways that reduce or eliminate harmful emissions. *The Foundation has pursued this objective via grants made through its Breathing Space, EMBARQ, and Excelerate programmes.*
2. The advancement of education of young persons and adults. *This objective was not the focus of a specific programme in 2013.*
3. The establishment in life of young persons aged not more than 30 years. *This objective was not the focus of a specific programme in 2013.*
4. The relief of poverty, suffering, hardship and distress. *This objective has been furthered via grants made through all the Foundation's programmes.*

The trustees confirm they have complied with the guidance contained in the Charity Commission's general guidance on public benefit in section 4 of the Charities Act 2011 when reviewing the Foundation's aims and objectives and when considering grants to be awarded. The Foundation's Articles permit it to make grants to further these objectives anywhere in the world, and its policy is to act as a truly international grant-making Foundation. It is not the Foundation's practice to support:

- Capital schemes for building construction, purchase or renovation, or land purchase, other than where intrinsic to a wider project within the programme areas.
- Endowments, debt reduction and fund-raising campaigns.
- Projects with political or religious objectives.
- Normally, funding for individual study tours or attendance at conferences.

The activities carried out to meet these objectives are summarised in the Strategic Report below.

Strategic Report

During 2013, Shell Foundation refreshed its strategy and vision for activities up to 2025, reflecting an increasing focus on "Access to Energy" and "Sustainable Mobility" given our strong relative experience in these areas. For reporting purposes, as of next year we will also rename our operational programmes according to the global challenges they seek to address – and will no longer use the branded programme names (i.e. Aspire, Breathing Space, EMBARQ and Excelerate) that we have used in the past.

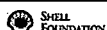
Achievements and Performance

The achievements and performance of the charity are detailed on the following pages.

Report of the Trustees (continued) for the year ended 31 December 2013



BUILDING BETTER
BUSINESSES



Small and Medium-sized Enterprises (SMEs) in developing countries struggle to obtain finance from banks as they lack the collateral, track record or skills to access money from risk-averse local banks. Yet the SME sector is absolutely vital to the economic development of poor countries.

Aspire helps under-served SMEs in developing countries to fulfil their potential and in turn create much needed jobs and economic growth. Shell Foundation has a long-term strategic partnership with GroFin – an African specialist SME finance and development company. GroFin assists start-up and early stage growth SMEs through the integrated provision of business development assistance and appropriate finance. Together Shell Foundation and GroFin are promoting a new asset class called ‘Growth Finance’ – our aim is to create a self-financing driver of pro-poor economic growth.

<i>Objectives</i>	<i>Activities undertaken</i>	<i>Achievements</i>	<i>Future plans</i>
Provide governance and advisory support to ensure continuation of GroFin’s SME funds in Africa.	SF was actively involved with all investors in GroFin’s Africa Fund as part of ongoing governance.	GroFin’s Africa SME fund invested US\$91.7m to support 300+ SMEs achieve growth objectives and as a result created and maintained 15,636 jobs.	SF and GroFin will create a new innovative business model to attract long term funding to support & sustain SME funds.
Support GroFin with the new SME fund in the Middle East called ‘Nomou’ - help them build capacity, raise further funds and deploy its first SME investments in 2013.	In collaboration with GroFin, SF actively engaged with investors e.g. JEDCO, Jordan to secure funding to establish Nomou in the Middle East.	SF received restricted donations from a number of organisations including UKAid and JP Morgan Chase Foundation for Nomou.	SF will continue to support fundraising to scale up Nomou’s activities in Jordan, Oman, Iraq and Egypt.
Engage in advocacy platforms to show the potential for Growth Finance to deliver financial and developmental returns; and attract support from policy makers and businesses to support SME growth and encourage investment.	SF participated in a range of activities to support the Growth Finance sector, including leading a workshop in the Middle East and supporting ANDE – a global network of organisations assisting entrepreneurs in emerging markets.	SF’s SME workshop in the Middle East to address the financing challenges faced by SMEs in the region was well attended, with 50+ senior level leaders and key decision-makers from national governments and private sector. ANDE’s network has grown and now comprises of 180+ members supporting SMEs in 150+ countries.	SF will continue to leverage support and co-create the infrastructure necessary to establish Growth Finance as a new asset class – in order to magnify the contribution of SMEs to sustainable development in emerging markets.

Resources expended:	2013	2012
	\$000	\$000
Grants	16,805	4,880
Direct costs	363	366
Support costs	989	391
Total	18,157	5,637

Report of the Trustees (continued) for the year ended 31 December 2013



Over 50% of the world's population now live in cities, with a fast growing number of megacities each having more than 10 million residents. The urban poor in the developing world suffer particularly from the economic and health impacts of traffic congestion which causes pollution and lengthy commutes to work.

SF co-founded **EMBARQ** in 2002 as a specialist network comprised of globally recognised sustainable mobility experts, to catalyse the implementation of sustainable transport solutions.

Between 2012-2050 it is estimated the freight sector will increase by 350-550% creating a disproportionate environmental impact in emerging markets. In Asia alone, only 9% of vehicles are trucks, but these contribute to 54% of transport CO₂ emissions.

In 2013 SF co-founded **Smart Freight Centre** as a new intermediary in the freight sector to reduce CO₂ emissions and improve fuel efficiency in emerging markets.

<i>Objectives</i>	<i>Activities undertaken</i>	<i>Achievements</i>	<i>Future plans</i>
Continue to help EMBARQ scale up their work in megacities and increase number of people served, social/environmental impact & geographic footprint.	SF provided additional resources to support organisational growth of EMBARQ, and leveraged academic, transport and local government networks in China to increase EMBARQ's engagement in cities.	Served 1.8 billion people and saved 2.5m tonnes of CO ₂ . Since its founding in 2002, EMBARQ's Bus Rapid Transit (BRT) concept has reached tipping point from 45 cities to 166 cities using BRT and similar systems. Also in Q4 EMBARQ signed a Memorandum of Understanding with Beijing.	Increase number of cities EMBARQ serves by scaling up their China programme, and developing a low cost model that increases the number of cities they impact globally.
SF to conduct due diligence and test viability of new partnerships to reduce emissions from global freight.	SF identified an entrepreneur and convened stakeholder groups in the freight sector to understand their challenges and design a new business model to address environmental impact of the freight sector in emerging markets.	SF co-developed a new model, established an organisation called Smart Freight Centre (SFC) and finalised the business strategy.	Build SFC's organisational capacity, engage key stakeholders and establish a new framework in the global freight sector to reduce emissions and improve fuel efficiency at scale.
Assess opportunities for SF to increase their impact in sustainable mobility through developing new enterprise based partnerships.	SF established key focus areas to increase impact, including incubating new enterprises in auto rickshaw services. SF scoped and designed an auto rickshaw business challenge to identify business models that deliver large-scale improvements in quality of service, access, safety, environmental impact and livelihoods.	SF's business challenge attracted a large number of applicants and eight finalists have been selected to present their business models to an expert panel.	Pilot innovative business models that continue to increase mobility of people in cities, reduce environmental impact of the freight sector and incubate new sustainable mobility enterprises.

Resources expended:	2013 \$000	2012 \$000
Grants	2,552	1,125
Direct costs	172	472
Support costs	157	119
Total	2,881	1,716

Report of the Trustees (continued) for the year ended 31 December 2013



Sustainable agriculture is critical to successful international development – with 40% of the world dependent on agriculture to earn a living, rising to 80% in parts of Africa and Asia. Many poor farmers in developing countries depend upon exporting foods and other products that cannot be grown or produced in developed countries.

Trading UP unlocks markets for developing world farmers and helps international retailers create more sustainable supply chains. Shell Foundation has helped create two specialist intermediaries to provide business development assistance, funding and market linkages. The Better Trading Company (TBTC) was formed in 2007 as a commercial link between small-scale agricultural producers and global retailers. CottonConnect (CC) was co-founded in 2009 to help retailers manage their cotton supply while reducing poverty and protecting the environment.

<i>Objectives</i>	<i>Activities undertaken</i>	<i>Achievements</i>	<i>Future plans</i>
Support CC to create a viable business to help global retailers source more sustainable cotton (reducing water and pesticide use and improving farmer livelihoods) and work with farmers to increase market supply.	SF played an active role in establishing CC's five year growth strategy and in Q4 supported their appointment of a new CEO.	CC is now working with 20 international brands, with new clients including Kering who house luxury brands such as Gucci and Saint Laurent, and UK retailer Primark. CC are working with over 100,000 farmers from India & China, and have improved the livelihoods of 400,000 farmers and their families.	SF will provide CC with governance support in line with its plan to achieve financial viability by 2015.
Support TBTC to secure further supply agreements, achieve financial sustainability and leverage external investment to expand operations in Africa and Europe.	SF supported TBTC's transition from grant funding to becoming a financially viable organisation that creates social and environmental impact for smallholder farmers in Africa.	TBTC has enhanced 35,000 livelihoods in Africa, supporting farmers producing rooibos tea, tea tree oil and chillies. In 2013 they recorded a profit for the first time.	TBTC have achieved financial viability and will continue to support farmers and increase their social and environmental impact.

Resources expended:	2013 \$000	2012 \$000
Grants	290	600
Direct costs	282	447
Support costs	33	78
Total	605	1,125

Report of the Trustees (continued) for the year ended 31 December 2013



Three billion people around the world cook on open fires or inefficient traditional stoves in poorly ventilated homes, primarily using biomass fuels. This raises fuel costs and carries a major health risk for low-income families. Toxic smoke from this type of cooking kills four million people a year and is a major contributor to climate change.

Breathing Space aims to catalyse a new market for efficient 'clean' cookstoves that dramatically reduce fuel use, cooking time and emissions. Since 2007, Shell Foundation has worked with Envirofit International to create a global organisation to design, produce and market affordable, durable clean cookstoves. In 2010, Shell Foundation took an active role in building the cookstove market and co-founded two market enabling organisations: **Global Alliance for Clean Cookstoves**, that aims to deploy market-based approaches to enable 100 million homes to adopt clean and efficient stoves by 2020, and **Dharma** a social enterprise that makes socially beneficial products, including clean cookstoves available to low income communities in rural India.

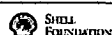
<i>Objectives</i>	<i>Activities undertaken</i>	<i>Achievements</i>	<i>Future plans</i>
Support Envirofit to achieve financial viability by 2015 and build its capacity to bring new 'fit-for-purpose' stoves to market and significantly scale its impact.	SF secured grant funding from OPEC Fund for International Development (OFID) to support Envirofit's growth in Latin America and Africa. SF also co-developed large business to business relationships to help Envirofit enter into new markets and in Q3 co-led a financial review with ShoreBank International ahead of fundraising in 2014.	Envirofit have now sold over 700,000 clean cookstoves across 45 countries and improved 5.5m livelihoods. In 2013 they launched a new stove for institutional use, and following the launch of their carbon financing facility, sold their first carbon credits to the Swedish Energy Agency.	Support Envirofit to attract investment and expand carbon credit programme to achieve financial viability by 2015, and accelerate the development of low cost cookstoves to improve affordability and impact.
Support Dharma to significantly improve access to social impact products in India – by improving its training facilities and product offering to achieve financial viability by 2017.	SF provided direct business support (incl. leveraging specialist financial expertise from Shell) to improve operating systems and achieve cost efficiencies as they go to scale.	Dharma's network is now operating across five states in India with 5,300+ rural retail points, providing a range of affordable and accessible social impact products to low income consumers – with sales increasing by 85% from the previous year.	Continue to help Dharma with capacity building, achieving operational excellence and attracting new partnerships to scale up the business model across India – as well as increase their village network to 18,000 entrepreneurs in 2014.
Continue to build market infrastructure to overcome major barriers to scale to improve access to low income consumers and livelihoods impacted.	SF supported a research initiative to collect experiences of organisations tackling last mile distribution challenges – and shared the learnings as part of a published industry-wide report.	SF engaged with stakeholders in India and Africa and established consensus around the need for coordinated action to address last mile distribution.	SF will establish and pilot business models to increase current efforts around last mile distribution at a global scale.

Resources expended:	2013	2012
	\$000	\$000
Grants	6,618	4,956
Direct costs	594	765
Support costs	415	426
Total	7,627	6,147

Report of the Trustees (continued) for the year ended 31 December 2013



DEVELOPING SKILLS.
BOOSTING PROSPERITY.



Over 1.3 billion people across the developing world lack access to affordable and reliable energy services. There are significant gaps between demand for modern energy services and the supply of appropriate technology and enterprise to deliver these – especially in rural areas not connected to the energy grid. This negatively impacts upon all aspects of peoples' lives and is one of the most important constraints on their ability to escape poverty and contribute to the economic development of their countries.

Excelerate aims to support small and growing enterprises and financial intermediaries to increase the availability of modern energy services to the poor in ways that are financially viable and scaleable, with a focus on India and Africa. In addition to enhancing access to energy, the programme aims to create significant reductions in carbon emissions.

<i>Objectives</i>	<i>Activities undertaken</i>	<i>Achievements</i>	<i>Future plans</i>
Work directly with a small number of selected social entrepreneurs providing access to affordable modern energy services – providing the business skills and capital required for their start-up and viable growth.	SF provides strategic support to three enterprises involved in off-grid community electrification and making affordable energy products more accessible to rural communities.	D.light used a working capital pool co-developed by SF and funded with support from OFID to impact over five million lives with their affordable solar lantern.	Continue to support partners to attract talent, leverage investment, foster demand & implement systems/processes in order to scale their rural energy businesses across India and East Africa in 2014.
	SF developed partnership with Department for International Development (DFID) and received a restricted donation to co-fund and support the development of new pro energy products and business models.	M-KOPA, a provider of solar home systems on a pay as you go basis to low income consumers in Kenya, has grown to 50,000 customers & in 2013 attracted investment from the Bill and Melinda Gates Foundation and Commercial Bank of Africa for expansion.	Provide investment into R&D capacity of SF partners to commercialise a new range of affordable energy products and business models.
Catalyse the growth of the SME energy sector by creating intermediaries to provide business skills and access to finance for energy entrepreneurs.	SF partnered with ResponsAbility a reputed impact investor – and validated the need for a fund to help energy SMEs access working capital to manufacture, import, and distribute their products.	Based on learning from SF's work with D.Light - SF co-developed a working capital fund with ResponsAbility to help energy SMEs overcome market barriers preventing them from achieving scale.	SF will help ResponsAbility create a US\$30m energy working capital fund that aims to improve over 50 million lives within 5 years.
	SF developed systems and processes to increase organisational capacity and scale up of Intellegrow – a provider of debt finance to small businesses in India.	Intellegrow disbursed US\$10m across 32 loans to social enterprises in India.	SF will support activities to achieve scale up and growth of its intermediaries.

Resources expended:

	2013 \$000	2012 \$000
Grants	5,320	5,181
Direct costs	739	445
Support costs	349	419
Total	6,408	6,045

Shell Foundation

Report of the Trustees (continued) for the year ended 31 December 2013

LEAD Africa Fellowship Programme

Strong and effective leadership is critical if Africa is to convert its emerging economic power into sustainable development. Political leadership is a necessity, but good governance in all sectors and at all levels of society is also crucial to Africa's future.

The **LEAD Africa Fellowship Programme (LAFP)** seeks to equip a new generation of African leaders – in business, the community, media, government, civil society, and in academia – with the skills and networks necessary for effective change. The programme, launched in 2009, is implemented in strategic partnership with LEAD – an international non-profit organisation that has delivered a core leadership programme in Africa for nearly 20 years as part of its wider mission to inspire leadership for a sustainable world.

However, due to lack of progress, by mutual consent with LEAD, we closed down this programme in Q4 2013.

Resources expended:	2013	2012
	\$000	\$000
Grants	-	593
Direct costs	156	254
Support costs	9	63
Total	165	910

Shell Foundation

Report of the Trustees (continued) for the year ended 31 December 2013

Incubator

The **Incubator** programme aims to test a diverse range of innovative projects to identify which, if any, offer the potential to be both sustainable and scaleable solutions that will increase access to energy and improve sustainable mobility in emerging countries. We highlight below information on key activities supported to date under this programme.

<i>Objectives</i>	<i>Activities undertaken</i>	<i>Achievements</i>	<i>Future plans</i>
Maintain a limited portfolio of Incubator projects that add value to existing programmes or represent solution-orientated approaches to issues consistent with SF's mission.	In 2013 SF co-developed Factor(E) Ventures with Colorado State University as an incubation partner to provide a future pipeline of innovative partners for SF. Factor(E) will drive innovation and growth of modern energy solutions for emerging markets by validating new models that can create large scale impact.	Factor(E) are supporting a number of pioneering early stage entrepreneurs with a blend of risk capital and technical resources to test and validate their ideas within 18-24 months.	Increase resources to expand portfolio of Incubator projects.
	SF partnered with Cardano Development to address the gap between registering and executing carbon programmes – to generate income from related carbon credits to support energy SMEs delivering social and environmental impact.	SF co-created BIX Fund as an independent carbon pre-finance facility to leverage investment through facilitating carbon trading.	Continue active involvement with a limited portfolio of Incubator projects.
	SF continued to support Emergence Bioenergy testing small-scale stirling engine technology – to establish the potential of it delivering low cost and small scale reliable power generation.	Emergence Bioenergy have successfully deployed a prototype of their first small-scale stirling engine in Bangladesh and will assess the viability of generating combined heat and power.	Maintain support to current pilot partners to expand the reach of SF programmes, test new models for the management of natural resources, and develop capacity-building intermediaries to augment skills support to SF partners.

Resources expended:	2013	2012
	\$000	\$000
Grants	2,790	1,582
Direct costs	132	165
Support costs	168	130
Total	3,090	1,877

Shell Foundation

Report of the Trustees (continued) for the year ended 31 December 2013

Details of all grants awarded in the year ended 31 December 2013 are listed in the table below. The balance on the grants committed but not paid as at 31 December 2013 will be payable in subsequent financial years (see notes 4, 15 and 16).

<u>Programme</u>	<u>Grantee</u>	<u>Total Funding \$000</u>
Aspire	GroFin MENA	
	<i>Phase 2: Capacity building in 2013</i>	4,000
	GroFin MENA	
	<i>Saudi Arabia – Business development assistance</i>	230
	GroFin MENA	
	<i>Implementation of NOMOU Jordan</i>	1,875
	GroFin MENA	
	<i>Establishment and implementation of NOMOU Egypt</i>	4,800
	GroFin MENA	
	<i>GroFin MENA – Phase 2 Financing SMEs</i>	3,500
EMBARQ	GroFin MENA	
	<i>Phase 2 – Business development assistance</i>	2,400
		<hr/>
		16,805
	CTS EMBARQ Mexico	
	<i>Mexico transport demand management consultancy</i>	75
	Stichting Smart Freight Centre	
	<i>Smart Freight Centre – 2013</i>	292
	Green Freight Europe	
	<i>Methodology and platform development</i>	95
Breathing Space	Stichting Smart Freight Centre	
	<i>Smart Freight incentive and methodology – Asia</i>	70
	Stichting Smart Freight Centre	
	<i>Smart Freight Centre – 2014</i>	1,008
	World Resources Institute	
	<i>EMBARQ 2013 funding</i>	1,000
	Unrealised difference in exchange on non-USD grants	12
		<hr/>
		2,552
	Gajam Group Ltd	
Breathing Space	<i>Dharma – Financial modelling</i>	27
	Hystra	
	<i>Route to market workshop</i>	41
	Ved Vignan Maha Vidya Peeth	
	<i>Indoor air pollution – Youth Leadership training partnership</i>	1
	Envirofit International Inc	
	<i>2013-2014 funding- convertible grant (Note 12)</i>	2,000
	Stichting Cardano Development	
	<i>Scale-up of the carbon pre-finance facility – phase 1</i>	625
	Fundeih Honduras	
Breathing Space	<i>Partner capacity building</i>	50
	Stichting Cardano Development	
	<i>Scale-up of the carbon pre-finance facility – phase 2</i>	375
	Gajam Group Ltd	
	<i>Dharma scale-up 2013-2015</i>	2,000
	Envirofit International Inc	
	<i>OFID cookstoves initiative in Africa and Central America</i>	1,000
	BIX Fund Management BV	
	<i>Building capacity for carbon facility manager</i>	500
	Friends of Women's World Banking	
Breathing Space	<i>Termination</i>	-10
	Unrealised difference in exchange on non-USD grants	9
		<hr/>
		6,618

Shell Foundation

Report of the Trustees (continued) for the year ended 31 December 2013

Trading UP	The Better Trading Company <i>2013 core funding and capacity building</i>	290	
	CottonConnect Limited <i>Termination</i>	-364	
	AV CottonConnect (South Asia) Pvt Ltd <i>Termination</i>	-325	
	CottonConnect Hong Kong Ltd <i>Termination</i>	-500	
	CottonConnect Limited <i>Operational support</i>	739	
	CottonConnect Limited <i>Business development</i>	450	
			290
Excelerate	D.Light Design <i>Building innovation capacity</i>	2,200	
	D.light Design <i>Developing new energy applications and business models</i>	3,870	
	D.light Design <i>Termination</i>	-1,200	
	First Light Accelerator <i>Structuring the First Light Accelerator scale-up facility</i>	450	
			5,320
Incubator	Deloitte Touche Tohmatsu India Pvt Ltd <i>Building markets study</i>	232	
	The Environment Bank Ltd <i>Market for Ecosystems credits 2013</i>	275	
	Skoll Centre for Social Entrepreneurship <i>SBS Fellowship programme – 2013-2014</i>	303	
	Factor E Ventures <i>Shell Foundation & CSU joint venture</i>	1,250	
	Windward Strategic Ltd <i>Pilot commodity branding</i>	295	
	Redavia GmbH <i>Rental solar farms and plug and play energy solutions</i>	272	
	Intellectap <i>Sankalp forum Africa</i>	160	
	Unrealised difference in exchange on non-USD grants	3	
			2,790
Total grants awarded in 2013			34,375

Note: Negative amounts represent a reduction, usually due to the project being completed for less than the grant total originally awarded, or due to the termination of a grant by mutual agreement.

Shell Foundation

Report of the Trustees (continued) for the year ended 31 December 2013

Financial Review

Financial activities

The Statement of Financial Activities is set out on page 21 of the financial statements.

Principle Funding Sources

The Foundation's annual grant programmes are funded by distributions from its endowment fund. Shell Group made unrestricted donations of US\$6m in 2013, approved a similar donation for 2014, and agreed 'in principle' to funding in 2015 and 2016 in the event that the endowment does not generate sufficient income for the charity to achieve its objectives and maintain impact.

Reserves

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

The Foundation's policy for unrestricted reserves is to maintain reserves at a level such that the cash on hand is sufficient to meet payments due in the next six months and any contingent liabilities. This level will be maintained by liquidating expendable endowment assets as and when required and building flexibility into our expenditure plans for future years to avoid compromising our long-term financial objectives. At 31 December 2013 the payments due in the next six months exceeded cash on hand by US\$3.5m. The Foundation drew down US\$16.5m from the endowment during the year. The reserve policy is reviewed at least annually.

Endowment Investment Policy and Performance

In 2011, following a review of the investment objectives and strategy, the trustees adopted a new investment policy, which aims to maintain the real value of both distributions and the endowment asset value. To achieve this, the endowment is invested in a diversified asset allocation of global equities, hedge funds and fixed income funds. In order to mitigate the risk associated with investing globally in multiple currencies, the investment portfolio is hedged back to the Foundation's functional currency of US Dollars (by the investment manager) through the use of forward foreign exchange contracts.

2013 turned out to be a positive year for the portfolio of Shell Foundation. The slight negative performance of the fixed-income portfolio was more than compensated for by double-digit returns for the listed equity component. Overall, total portfolio performance came in at 11.5%. A pick-up in economic growth in developed economies and much-improved sentiment concerning the Euro area were behind 2013's good returns. Sentiment in emerging markets and the US government bond market was less benign. Overall, the year could be characterised as one with relatively low volatility.

The Foundation's investment portfolio overall posted a positive return of 11.5%, which was more or less in line with a benchmark return of 11.4%. The total return on the equity portfolio was 20.4%. The equity portfolio is invested in securities in Europe, North America, the Pacific and Emerging Markets. The approach is passive, wherein the indices designed by Morgan Stanley Capital International (MSCI) are replicated. All developed market regions had very strong double-digit investment returns. Emerging market returns, however, suffered most from the perceived withdrawal of quantitative easing in the US and underperformed compared to the rest of the world quite significantly.

The fixed income portfolio showed a slight negative return of -0.2%, outperforming the index which declined by 0.5%. The portfolio is invested in sovereign securities in the global pool, as well as credit instruments in the credit pool. Both pools showed a moderate outperformance. In August 2013, the exposure to the global pool, which is the most interest rate sensitive part of the fixed income portfolio, was reduced by half and reinvested in very short dated US treasury paper. This portfolio change has made the overall fund less sensitive to interest rate increases in the US.

Shell Foundation

Report of the Trustees (continued) for the year ended 31 December 2013

The hedge fund portfolio returned 5.9%, underperforming its benchmark by 1.8%. This has mainly been the result of the fact that the hedge fund exposure is constructed to be market neutral, and is therefore less sensitive to equity market performance than its benchmark. In years of strong positive equity markets, such as 2013, the portfolio tends to underperform its index.

The Foundation also holds programme related investments, which are held for charitable rather than financial returns.

Plans for Future Periods

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

Principle 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 to mitigate the risk. The trustees review these assessments at least twice a year, at their board meetings in June and November.

Of the 10 key risks identified, none are currently regarded as posing an unacceptable residual exposure. One key area of risk for the Foundation is the reliance on strategic partners to take programmes forward and build both developmentally sound and financially viable businesses. This risk continues to be managed through the careful selection process for new strategic partners, and ongoing management of existing partners. Another key risk is the performance of the endowment fund, particularly after the losses incurred during 2008 and as the Foundation must rely on its endowment for unrestricted income. In response to this risk, the trustees implemented new investment objectives in 2011. They also secured agreement from the member to provide additional 'top-up' unrestricted donations until at least 2014 in the event that the endowment does not generate sufficient returns to achieve the Foundation's objectives and maintain impact.

Independent Auditors

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

PricewaterhouseCoopers LLP accordingly shall continue as Independent Auditors of Shell Foundation pursuant to section 386(2) of the Companies Act 2006. In accordance with the Companies Act 2006, any Member or the Auditors may require the Report and financial statements to be laid before a general meeting by depositing a notice to that effect at the registered office of the Foundation not later than 28 days after the despatch of the financial statements and reports to Members.

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



Mr Malcolm Brinded, CBE
Trustee

11 June 2014

Shell Foundation

Independent auditors' report to the member and trustees of Shell Foundation

Report on the financial statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2013 and of its incoming resources and application of resources, including its income and expenditure and cash flows 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Shell Foundation, comprise:

- the balance sheet as at 31 December 2013;
- the statement of financial activities and the summary income and expenditure account for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

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).

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report of the Trustees to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Shell Foundation

Independent auditors' report to the member and trustees of Shell Foundation (continued)

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Trustees for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility. .

Trustees' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

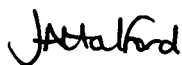
Responsibilities for the financial statements and the audit

Our responsibilities and those of the trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 5, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Jill Halford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

~~Date~~ 11 June 2014

Shell Foundation

Statement of financial activities for the year ended 31 December 2013

Company Registered Number: 4007273

	Note	Unrestricted Funds 2013 \$000	Restricted Funds 2013 \$000	Endowment Funds 2013 \$000	Total Funds 2013 \$000	Total Funds 2012 \$000
Incoming Resources						
<i>Incoming resources from generated funds</i>						
Voluntary income						
- Donations	2	6,000	14,069	-	20,069	16,397
Investment Income	3	-	-	5,573	5,573	5,284
Total Incoming Resources		6,000	14,069	5,573	25,642	21,681
Resources Expended						
<i>Cost of generating funds:</i>						
Investment management costs		-	-	(470)	(470)	(394)
Total Cost of Generating Funds		-	-	(470)	(470)	(394)
<i>Charitable Activities</i>						
- Aspire		(1,352)	(16,805)	-	(18,157)	(5,637)
- EMBARQ		(2,881)	-	-	(2,881)	(1,716)
- Trading UP		(605)	-	-	(605)	(1,125)
- Breathing Space		(6,626)	(1,001)	-	(7,627)	(6,147)
- Excelerate		(2,545)	(3,863)	-	(6,408)	(6,045)
- LEAD Africa Fellowship		(165)	-	-	(165)	(910)
- Incubator		(3,087)	(3)	-	(3,090)	(1,877)
Total Charitable Activities	5	(17,261)	(21,672)	-	(38,933)	(23,457)
Governance costs	7	(765)	-	-	(765)	(574)
Total charitable expenditure		(18,026)	(21,672)	-	(39,698)	(24,031)
Total Resources Expended		(18,026)	(21,672)	(470)	(40,168)	(24,425)
Net (outgoing)/incoming resources before transfers		(12,026)	(7,603)	5,103	(14,526)	(2,744)
Transfers		10,242	-	(10,242)	-	-
Net (outgoing)/incoming resources before other recognised gains and losses		(1,784)	(7,603)	(5,139)	(14,526)	(2,744)
Other recognised gains and losses						
Realised gains on the revaluation and disposal of investment assets		-	-	2,004	2,004	2,521
Unrealised gains on the revaluation and disposal of investment assets		-	-	42,176	42,176	42,984
Net Movement in Funds		(1,784)	(7,603)	39,041	29,654	42,761
Fund balances brought forward at 1 January		14,808	(620)	433,837	448,025	405,264
Fund balances carried forward at 31 December		13,024	(8,223)	472,878	477,679	448,025

All incoming resources, resources expended and resulting net movements in funds are derived from continuing activities. There are no recognised gains or losses other than those outlined in the Statement of Financial Activities. There is no material difference between the profit (or loss) on ordinary activities before taxation and the profit for the financial year stated above and their historical costs equivalents.

The accompanying notes form part of these financial statements.

Shell Foundation

Income and expenditure account for the year ended 31 December 2013

	2013 \$000	2012 \$000
Income		
Voluntary Income	20,069	16,397
Total realised income	20,069	16,397
Expenditure		
Charitable activities	(38,933)	(23,457)
Governance costs	(765)	(574)
Total expenditure	(39,698)	(24,031)
Net (deficit) of income over expenditure for the year	(19,629)	(7,634)

Balance sheet as at 31 December 2013

	Note	2013 \$000	2012 \$000
Fixed Assets			
Investments	11	472,906	439,653
Programme related investments	12	9,324	8,915
		482,230	448,568
Current Assets			
Debtors	13	5,300	3,000
Cash at bank and in hand	14	14,567	9,086
Short-term deposits	14	5,000	5,000
		24,867	17,086
Creditors: amounts falling due within one year	15	(22,901)	(16,679)
Net Current Asset/(Liability)	18	1,966	407
Total Assets less Current Liabilities		484,196	448,975
Creditors: amounts falling due after more than one year	16	(6,517)	(950)
Net Assets		477,679	448,025
The funds of the charity:			
Endowment Funds (including Revaluation Reserve \$61,076,160 (2012: \$19,675,062))	17	472,878	433,837
Restricted income Funds	17	(8,223)	(620)
Unrestricted income Funds	17	13,024	14,808
Total Charity Funds		477,679	448,025

The accompanying notes form part of these financial statements.

The financial statements on pages 21 to 33 were approved by the trustees and signed on their behalf by:

Mr Malcolm Brinded, CBE
Trustee

11 June 2014

Shell Foundation

Cash flow statement for the year ended 31 December 2013

	Note	2013		2012	
		\$000	\$000	\$000	\$000
Net cash inflow from operating activities	19		101		(9,799)
Returns on investments and servicing of finance					
Interest Income (unrestricted & restricted)		-		-	
Investment Income (unrestricted & restricted)		-		-	
Investment income received endowment funds		5,593		5,221	
Investment income attributable to endowment funds		(5,593)		(5,221)	
Total returns on investments and servicing of finance			-		-
Capital expenditure and financial investment					
<u>Investing Activities</u>	11				
Purchase of investments		(68,939)		(33,075)	
Purchase of programme related investments		(1,209)		(3,630)	
Sale of investments		84,369		25,186	
Sale of programme related investments		800		375	
(Increase) in investment cash		(871)		(346)	
<u>Hedging Activities</u>	11				
Payments on forward foreign exchange contracts		(332)		(5,249)	
Proceeds on forward foreign exchange contracts		775		8,813	
Gain/(loss) on foreign exchange		(4,102)		(531)	
Cash flow attributable to endowment investments		(11,771)		4,856	
Total capital expenditure and financial investment			(1,280)		(3,601)
Financing					
Investment income retained within endowment funds		5,593		5,221	
Cash flow attributable to endowment investments		11,771		(4,856)	
Distribution from endowment to unrestricted cash		(10,242)		-	
Cash expended on endowment fund fees		(462)		(414)	
Total Financing			6,660		(49)
(Decrease)/Increase in cash in the year			5,481		(13,449)

Reconciliation of net funds for the year ended 31 December 2013

(Decrease)/Increase in cash in the year	5,481	(13,449)
Analysis of change in cash		
Cash balance at 1 January	14,086	27,535
Cash balance at 31 December	19,567	14,086
(Decrease)/Increase in cash in the year	5,481	(13,449)

The accompanying notes form part of these financial statements.

Shell Foundation

Notes to the financial statements for the year ended 31 December 2013

1 Accounting Policies

Basis of Preparation

The financial statements are prepared in accordance with the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities', published in March 2005, and in accordance with applicable United Kingdom accounting standards and the Companies Act 2006. The accounting policies have been applied consistently, other than where new policies have been adopted in accordance with the Charities Act 2011.

The financial statements are prepared under the historical cost convention, as modified by the revaluation of investments. The programme related investment is not modified by the revaluation of investments. The financial statements are prepared on a going concern basis.

The financial statements of the Foundation are prepared in US Dollars. This is because the local currency of the Foundation, defined in SSAP 20 as the currency of primary economic environment in which the Foundation operates, is US Dollars, reflecting the high proportion of grants awarded and donations received in dollars and consequent dollar weighting of its investment funds. The average exchange rate used during the year translate Sterling (GBP) to US Dollars (US\$) was GBP/US\$ 0.6352.

Fund Accounting

Funds held by the charity are either:

- general unrestricted income funds, that are expendable at the discretion of the trustees in furtherance of the charity'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.

Incoming Resources

Donations and investment income are included in the Statement of Financial Activities when the charity is legally entitled to the income. Donated services, if applicable, are included in income at a valuation, which is an estimation of the value to the charity. No donated services were received in 2013.

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.

Resources Expended

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.

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2013

Costs of Generating Funds

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

Charitable Activity Costs

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

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

Governance Costs

Governance costs comprise direct and indirect costs for the strategic running of the charity itself as an organisation, as distinct from directly pursuing its charitable activities. Direct costs include such items as external audit, legal advice for trustees and costs associated with constitutional and statutory requirements. Indirect costs include a proportion of management (and other staff) time spent on strategic activities, together with associated overhead costs (see note 7).

Value Added Tax ('VAT')

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

Gains and Losses on Foreign Exchange

Monetary assets and liabilities denominated in currencies other than US Dollars are converted to US Dollars at the rate ruling at the balance sheet date. Items of income and expenditure in non-US Dollar currencies are converted at transaction date exchange rate where known, or otherwise at the average rate for the period. Non-US Dollar items primarily relate to UK and Netherlands operating costs, which are incurred in pounds sterling ('GBP') and Euros, as well as a small proportion of grants awarded in GBP. All realised and unrealised gains and losses on exchange are reflected in the Statement of Financial Activities.

Investments

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

Programme related investments are carried at cost less any provision for diminution in value. Such investments are subject to review, and any diminution is charged to the Statement of Financial Activities.

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.

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2013

2 Donations

	2013 \$000	2012 \$000
Cash		
<u>Unrestricted</u>		
Shell Trading International Ltd	6,000	6,000
<u>Restricted</u>		
Shell Trading International Ltd	9,900	9,100
The Shell Centenary Scholarship Fund	-	755
OPEC Fund for International Development	525	125
DFID	3,644	187
JP Morgan	-	230
	20,069	16,397

3 Investment income

	2013 \$000	2012 \$000
Fixed interest securities	405	-
Dividends	5,168	5,284
	5,573	5,284

4 Grants expenditure

	2013 \$000	2012 \$000
Grants awarded brought forward	(13,762)	(12,154)
Payments	23,617	17,309
Grants awarded within 1 year	18,003	12,812
Grants awarded after 1 year	6,517	950
Grants awarded in the year	34,375	18,917

A full list of grants awarded in the year ended 31 December 2013 is included in the Trustees' Report (pages 15 to 16).

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2013

5 Charitable Activities Expenditure by Programme

	Grants \$000	Direct costs \$000	Support costs \$000	2013 \$000	2012 \$000
Aspire	(16,805)	(363)	(989)	(18,157)	(5,637)
EMBARQ	(2,552)	(172)	(157)	(2,881)	(1,716)
Trading UP	(290)	(282)	(33)	(605)	(1,125)
Breathing Space	(6,618)	(594)	(415)	(7,627)	(6,147)
Excelerate	(5,320)	(739)	(349)	(6,408)	(6,045)
LEAD Africa Fellowship	-	(156)	(9)	(165)	(910)
Incubator	(2,790)	(132)	(168)	(3,090)	(1,877)
Total for 2013	(34,375)	(2,438)	(2,120)	(38,933)	(23,457)
Total for 2012	(18,917)	(2,914)	(1,626)		

Grants are listed in the Trustees' Report accompanying these Financial Statements.

Direct costs include goods and services invoiced to the charity together with directly attributable manpower, and are allocated to the activity they relate to. Other support costs, that cannot be directly linked to an activity, are apportioned across the programme themes on the basis of the value of grant and direct cost expenditure. The activities making up these costs are shown in note 6 below.

6 Direct and Support Costs

	Direct costs \$000	Support costs \$000	2013 \$000	2012 \$000
Manpower costs (see note 9)	(1,879)	(1,558)	(3,437)	(2,839)
External services	(179)	(66)	(245)	(486)
Communications	(12)	(293)	(305)	(449)
Travel	(332)	(207)	(539)	(534)
Training	(3)	(23)	(26)	(15)
Sundry	(33)	(67)	(100)	(234)
Exchange gain/loss	-	94	94	17
Total	(2,438)	(2,120)	(4,558)	(4,540)

External service costs are those paid directly to a third party supplier for services (including professional fees and consultancy) rather than being paid via a grantee intermediary. Direct costs for external services shows costs at the project level, support costs are charity wide. Within external services for 2013, US\$19,405 was payable to Shell Group companies on normal business terms (2012: US\$23,230).

7 Governance Costs

	2013 \$000	2012 \$000
Manpower costs (see note 9)	(700)	(468)
Audit fees (inclusive of VAT)	(56)	(93)
Legal fees	-	(1)
Trustee expenses	(9)	(12)
Total	(765)	(574)

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

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2013

8 Trustee information

No trustee received any remuneration from the charity during the year. The Foundation directly incurred or reimbursed travel expenses in relation to two trustees totalling US\$9,316 (2012: US\$12,508 in relation to two trustees).

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

9 Employee information

As an independent charity, Shell Foundation benefits in a number of ways from leveraging its links to Shell to achieve its mission and objectives. One example of this is with respect to staffing. The Foundation has no direct employees. Instead, employees of Shell Group companies are dedicated to work full-time for the Foundation in sole pursuit of its charitable objectives. Their remuneration is based on The Shell Group Global Pay Policy and their performance is assessed against pre-determined personal targets concerning their work for the Foundation as well as their wider contribution to meeting the Foundation's overall charitable mission. The monthly average staff employed by Shell Group companies to work for the Foundation during the year was 13.5 (2012: 12.4).

Manpower expenditure included in Direct and Support costs (note 6) and Governance costs (note 7) comprises charges at cost in respect of the services of these Shell Group employees, including salaries, taxes and office overhead costs. The salary and taxes paid by Shell Group companies in relation to these employees are as follows:

	2013 \$000	2012 \$000
Wages and salaries	(1,980)	(1,901)
Social security	(265)	(267)
Other pension costs	(471)	(420)
	(2,716)	(2,588)

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

GBP	2013	2012
60,000 to 70,000	2	3
70,000 to 80,000	1	1
80,000 to 90,000	-	1
90,000 to 100,000	1	1
100,000 to 110,000	2	1
120,000 to 130,000	-	1
130,000 to 140,000	1	1
150,000 to 160,000	1	-
180,000 to 190,000	1	-
190,000 to 200,000	-	1
	9	10

Shell Group companies made contributions during the year to a defined benefit pension scheme of GBP 224,934 in relation to these nine employees (2012: GBP 225,578 in relation to ten employees).

10 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 on in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2013

11 Investments

	2013 \$000	2012 \$000
Market value at 1 January	439,653	388,863
Purchases	74,106	38,359
Sales/withdrawals	(100,869)	(25,186)
Realised gains	2,004	2,521
Unrealised gains/losses	42,176	42,984
Movement of investment cash	15,836	(7,888)
Market value at 31 December	472,906	439,653

The year end value is analysed as:

	2012 \$000
Fixed income investments – UK	13,703
Fixed income investments – overseas	148,586
Equity investments – UK	76,971
Equity investments – overseas	187,086
Hedge funds – overseas	44,472
Forward foreign currency contracts	(1,090)
Other assets	763
Investment cash	2,388
Cash invested in institutional cash funds	27
Market value at 31 December	472,906

Cash invested in institutional cash funds represents cash invested in Fidelity Institutional Cash Fund plc. The trustees believe that the carrying value of the investments is supported by their underlying net assets.

The investment policy aims to maintain the real value of both distributions and the endowment asset value. To achieve this, the endowment is invested in a diversified asset allocation of global equities, hedge funds and fixed income funds. The transition to this new policy, under a new investment manager, happened during April 2011.

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 56% of bonds and 0% of hedge fund investments were non US Dollar.

12 Programme related investments

	2013 \$000	2012 \$000
GroFin Africa Fund		
Cost brought forward at 1 January	8,915	5,660
Purchases	1,209	3,630
Sales	(800)	(375)
Cost carried forward at 31 December	9,324	8,915

The value of programme related investments at the year end is shown at cost. The investment in the GroFin Africa Fund (GAF) represents 9,324 Class A (US\$1,000) shares in the fund, which meets the objectives of the Aspire programme. The trustees believe that the carrying value of the investments is supported by their underlying net assets.

Additionally, during 2013 the Foundation awarded a 'convertible grant' to Envirofit International Inc. to further the charity's charitable aims. This grant contains an option to convert it into equity shares, the trigger points for which have not yet been met. As there is currently no value to this programme related investment it has been fully expensed, but if the option is exercised in the future any value to the shares will be recognised accordingly in the financial statements.

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2013

13 Debtors

	2013 \$000	2012 \$000
Restricted donations – Shell Trading International Ltd	5,300	3,000
	5,300	3,000

14 Cash at bank and in hand

	2013 \$000	2012 \$000
Cash at Bank	14,567	9,086
Cash held in short-term deposit	5,000	5,000
Total cash at bank and in hand	19,567	14,086

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

15 Creditors: amounts falling due within one year

	2013 \$000	2012 \$000
Grants Payable	18,003	12,812
Trade Creditors – Shell International Limited	388	1,003
Accruals and deferred income – Shell International Limited	4,510	2,864
	22,901	16,679

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

16 Creditors: amounts falling due after more than one year

	2013 \$000	2012 \$000
Total Grants payable	24,520	13,762
Less amounts falling due within one year (note 15)	(18,003)	(12,812)
	6,517	950
Represented by:		
Grants payable in greater than one year but less than two years	4,942	950
Grants payable in greater than two years but less than five years	1,575	-
	6,517	950

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2013

17 Funds

	Balance Bfwd \$000	Incoming Resources \$000	Resources Expended \$000	Transfers \$000	Investment Gain/(losses) \$000	Balance Cfwd \$000
Endowment Funds	433,837	5,573	(470)	(10,242)	44,180	472,878
Unrestricted Funds	14,808	6,000	(18,026)	10,242	-	13,024
Restricted Funds	(620)	14,069	(21,672)	-	-	(8,223)
	448,025	25,642	(40,168)	-	44,180	477,679

At the year end the restricted funds were in deficit due to timing differences between recognition of income and expenditure commitments. Transfers were made between the expendable endowment and unrestricted funds during the year to fund the Foundation's annual activities.

18 Analysis of net assets between funds

		Unrestricted Funds 2013 \$000	Restricted Funds 2013 \$000	Endowment Funds 2013 \$000	Shell Foundation 2013 \$000	Shell Foundation 2012 \$000
	Note					
Fixed Assets						
Investments (at market value)	11	28	-	472,878	472,906	439,653
Programme related investments (at cost)	12	9,324	-	-	9,324	8,915
		9,352	-	472,878	482,230	448,568
Current Assets						
Debtors	13	-	5,300	-	5,300	3,000
Cash at bank and in hand	14	16,084	3,483	-	19,567	14,086
Creditors: amounts falling due within one year	15	(10,849)	(12,052)	-	(22,901)	(16,679)
Net Current Assets/(Liabilities)		5,235	(3,269)	-	1,966	407
Total Assets less Current Liabilities		14,587	(3,269)	472,878	484,196	448,975
Creditors: amounts falling due after more than one year	16	(1,563)	(4,954)	-	(6,517)	(950)
Net Assets		13,024	(8,223)	472,878	477,679	448,025

19 Reconciliation of net incoming resources to net cash inflow from operating activities

	2013 \$000	2012 \$000
Continuing activities		
Net incoming / (outgoing) resources – unrestricted & restricted funds	(9,388)	(7,634)
Investment income – unrestricted & restricted funds	-	-
Increase in net debtors – unrestricted & restricted funds	(2,300)	(3,000)
Increase in net creditors – unrestricted & restricted funds	11,789	835
	101	(9,799)

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2013

20 Capital commitments

The Foundation had no capital commitments as at 31 December 2013 (2012: US\$ nil).

21 Capital

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

22 Related party transactions

The sole member of the Foundation is The Shell Petroleum Company Limited (SPCo). The ultimate parent company of SPCo is Royal Dutch Shell plc. The Foundation's investment manager is Shell Asset Management Company (SAMCo), which is also a subsidiary of Royal Dutch Shell plc. During the year the Foundation incurred investment management fees of US\$202,782 (2012: US\$215,660), which equates to approximately four basis points, on normal business terms with SAMCo, which is favourable compared to our previous asset manager.

During the year the Foundation made payments of US\$439,070 (2012: US\$1,419,078) on normal business terms with Shell International BV and US\$4,852,343 (2012: US\$6,307,199) on normal business terms with Shell International Limited.

Of the Foundation's current or former trustees listed on page 3, the following are or were directors or officers of certain Shell Group companies: Mr Peter Voser, Mr Malcolm Brinded, Mr Hugh Mitchell and Mr Ben van Beurden. The Shell Group has other charitable affiliates that are not formally related to the Foundation, such as The Shell Centenary Scholarship Fund in the UK and the Shell Oil Foundation in the USA. The Shell Centenary Scholarship Fund made donations to the Foundation during 2009, 2010, 2011 and 2012.

Donations received included the following as disclosed in Note 2:

Entity Name	2013 \$000	2012 \$000
Shell Trading International Ltd	15,900	15,100

As part of Shell Foundation's approach as an engaged donor, Shell Foundation staff members often participate in the governance of strategic partners. Neither the Foundation or its staff members receive remuneration for these governance roles. The balance outstanding at year end for grants made to organisations where Shell Foundation has a Board member or other governance role are as follows:

Entity Name	2013 \$000	2012 \$000
Envirofit Carbon Holdings One	-	1,225
CottonConnect Limited	864	364
Jain Sons Finlease Ltd	335	1,300
First Light Ventures	380	380
M-KOPA Services LLC	-	1,386
The United Nations Foundation	-	255
Envirofit International Inc	1,100	150
CottonConnect Hong Kong Ltd	-	500
Gajam Group Limited	1,900	750
Stichting Smart Freight Centre	1,020	-
Factor (E)	950	-

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2013

23 Guarantees and contingent liabilities

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

In October 2012, Shell Foundation offered a seven year financial Guarantee of US\$ 1.5m to Calvert Social Investment Foundation Inc to cover a US\$3m loan facility to Envirofit International Inc. As of April 2014, Envirofit International Inc had drawn down US\$3m of this loan.

Shell Foundation

(a company limited by guarantee)

Report of the trustees and financial statements for the year ended 31 December 2014

Company Registered Number: 4007273
Charity Registered Number: 1080999

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Shell Foundation

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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

Shell Foundation

Trustees, directors, officers and advisors

Trustees (who are also directors)

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

Mr Malcolm Brinded, CBE	Chairman, Nominated Trustee	
Mr Ben van Beurden		
Mr Hugh Mitchell		Appointed 1 May 2013
Lord Mark Malloch-Brown	Nominated trustee	
Dr William Kalema	Nominated trustee	
Prof Louise Fresco	Nominated trustee	Resigned 1 March 2014
Mr Peter Voser		Resigned 30 July 2013
Mr Maxime Verhagen	Nominated trustee	Appointed 11 June 2014

Principal Officers

Dr Chris West	Director	Resigned 16 February 2015
Mr Sam Parker	Director	Appointed 16 February 2015
Shell Corporate Secretary Ltd	Secretary	
Ms Amanda Burston	Finance Manager	

Registered Office

Shell Centre
York Road, London
SE1 7NA

Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers

Lloyds Bank plc
25 Gresham Street
London EC2V 7HN

Investment Custodian

JP Morgan Chase Bank
60 Victoria Embankment
London EC4Y 0JP

Shell Foundation

Report of the trustees for the year ended 31 December 2014

The trustees, who are also directors of the company for the purpose of the Companies Act, present their annual report and the audited financial statements for the year ended 31 December 2014.

The information with respect to trustees, directors, officers and advisors set out on page 3 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' issued in March 2005 and the Charities Act 2011.

Status and Administration

Shell Foundation ('the Foundation') is a charitable company limited by guarantee, incorporated on 31 May 2000 (company registration number 4007273) and registered with the Charity Commission as a charity on 2 June 2000 (charity registration number 1080999). Since 14 February 2008, the Foundation has had charity registration with the tax authorities in The Netherlands (as an *algemeen nut beogende instelling*, registration number 823793059). The Foundation is also registered in the United States of America under section 501(c)(4) of the Internal Revenue Code, identification number 98 0368454.

Structure, Governance and Management

Governance and Internal Controls

The trustees are appointed by the sole member of the Foundation (The Shell Petroleum Company Limited), in consultation with the existing trustees.

New trustees are provided with information on trustee guidelines as prepared by the Charity Commission, and information on the Foundation as appropriate. Briefing discussions are held with the Director of the Foundation and other key staff. Trustees are requested annually to confirm any related party transactions.

The trustees meet formally twice each year. They review and approve:

- A strategic plan and annual budget for the Foundation.
- The Foundation's financial results, variances from budget, investment performance, and non-financial performance indicators.
- Internal controls (including delegation of authorities and segregation of duties).
- Risks associated with the Foundation's activities and appropriate mitigation measures in respect of those risks.
- The team's performance against pre-determined annual targets.
- Certain actions that are above the authority level of the Director or Management Team.

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

Shell Foundation

Report of the trustees (continued) for the year ended 31 December 2014

Statement of Trustees' Responsibilities

The trustees (who are also directors of Shell Foundation for the purposes of company law) are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Relationship with the Shell Group

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

In addition, the trustees explicitly recognise their charitable responsibilities in this regard by stating formally in the Shell Foundation's Business Principles that the charity'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. The Foundation operates an assurance system to identify, assess and validate this.

The Foundation was formally incorporated on 31 May 2000 and registered as a charity on 2 June 2000. Between incorporation and 31 December 2000, donations of US\$259m were received from Shell Group companies, of which US\$256m was in the form of an expendable endowment and the balance as unrestricted funds. In addition to the endowment, the Foundation has received unrestricted and restricted donations from the Shell Group until 2014 totalling US\$209m, and will receive further donations in 2015.

Shell Foundation

Report of the trustees (continued) for the year ended 31 December 2014

Grant Commitments

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

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

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, based on reports from the grantee, and where a grantee does not meet a milestone the payment of that instalment of the grant may be deferred until such time as the milestone has been met.

Social Investments

Grant funding continues to be our standard mechanism for early support to partners. Other forms of social investment will be considered, but only in relation to the scale-up of existing Foundation strategic partners and in ways that have additionality (e.g. leveraging support from other investors), and this may include convertible grants, repayable grants/loans, fund investments, equity and guarantees. All proposed non-grant social investments will be subject to approval by the Board of Trustees regardless of size.

Report of the trustees (continued) for the year ended 31 December 2014

Objectives and Activities for the Public Benefit

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

1. The protection and preservation of the environment and public health by means of education and research into the provision and use of energy in ways that reduce or eliminate harmful emissions. *The Foundation has pursued this objective via grants made through its Access to Energy, Sustainable Mobility and SME Job Creation programmes.*
2. The advancement of education of young persons and adults. *This objective was not the focus of a specific programme in 2014.*
3. The establishment in life of young persons aged not more than 30 years. *This objective was not the focus of a specific programme in 2014.*
4. The relief of poverty, suffering, hardship and distress. *This objective has been furthered via grants made through all the Foundation's programmes.*

These objectives have been met through the activities described on the following pages.

The trustees confirm they have complied with the guidance contained in the Charity Commission's general guidance on public benefit in section 4 of the Charities Act 2011 when reviewing the Foundation's aims and objectives and when considering grants to be awarded. The Foundation's Articles permit it to make grants to further these objectives anywhere in the world, and its policy is to act as a truly international grant-making foundation. It is not the Foundation's practice to support:

- Capital schemes for building construction, purchase or renovation, or land purchase, other than where intrinsic to a wider project within the programme areas.
- Endowments, debt reduction and fund-raising campaigns.
- Projects with political or religious objectives.
- Normally, funding for individual study tours or attendance at conferences.

The activities carried out to meet these objectives are summarised in the Strategic Report below.

Strategic Report

Achievements and Performance

The achievements and performance of the charity are detailed on the following pages.

Report of the trustees (continued) for the year ended 31 December 2014

Access to Energy

Energy is the bedrock of inclusive economic growth. Nearly two billion people lack access to reliable and affordable modern energy – severely constraining their health, education and earning potential. Of this group, 60% live entirely without electricity for cooking, lighting and heating at home, for community services, or for improving the productivity of small businesses and farms. In 2014 SF published a new report, **Accelerating Access to Energy**, outlining its 14-year journey to create and scale new energy solutions that provide modern power to low-income consumers in under-served areas.

This programme aims to build a viable market for affordable off-grid energy solutions. SF co-creates and supports the scale-up of pioneering social enterprises and market enablers (such as supply chain or financial intermediaries), to increase the availability of modern energy services to low income consumers in ways that are financially viable and scaleable. Our geographic focus is India, Africa and Latin America. In addition, the programme aims to create significant reductions in carbon emissions.

Objectives	Activities undertaken	Achievements	Future plans
Work directly with a small number of selected social entrepreneurs providing access to affordable modern energy products and services – providing the business skills and capital required for their start-up and viable growth.	SF's continued partnership with the Department for International Development provided R&D investment into SF partners d.light and M-KOPA to help them commercialise a new range of affordable energy products. SF supported clean cookstove manufacturer Envirofit (EF) to develop lower cost products, further scale-up & attract future investment.	d.light has improved over 42 million livelihoods across 60 countries and 2014 developed the world's cheapest solar light, retailing for US\$5. Over 0.5 million people have benefited from M-KOPA's 'pay as you go' solar home system. In 2014, they launched a higher power system and were awarded "New Energy Pioneers" by Bloomberg New Energy Finance. EF have sold over 850,000 clean cookstoves across 45 countries and impacted 4.25 million people and in 2014 launched the EconoFire & EconoChar new 'lower cost' household stoves.	Continue to support partners to attract talent, leverage investment, foster demand and build efficient systems/ processes to scale their businesses across India, Africa and Latin America in 2015. Work with partners to expand distribution partnerships and create new channels to improve accessibility of energy products at the rural last mile.
Catalyse the growth of the SME energy sector by creating intermediaries to provide business skills and access to finance for energy entrepreneurs.	SF supported the growth & scale-up of new financial intermediaries to address key funding gaps in the market. SF secured a restricted donation from USAID to accelerate the innovation of affordable energy solutions for low-income consumers through three new incubation vehicles.	IntelleGrow secured US\$4.5m investment – increasing their ability to provide debt financing to 250 Indian impact businesses by 2016. SF helped responsAbility to structure and fundraise US\$27m for a new working capital fund to catalyse the growth of companies providing affordable energy to low-income consumers. Factor(E) has built their organisational capacity and made several investments into innovative energy solutions.	Leverage funding into SF partner BIX Fund – an independent carbon pre-financing facility and support the launch of the fund (expected to impact over 20 million people in the next three years).

Resources expended:

	2014 \$000	2013 \$000
Grants	10,135	11,938
Direct costs	1,488	1,333
Support costs	566	764
Total	12,189	14,035

Report of the trustees (continued) for the year ended 31 December 2014

Sustainable Mobility

This programme focuses on the sustainable movement of people and goods in developing country cities. The health impact of local air pollution, road traffic crashes, high levels of greenhouse gas emissions and an inability to move effectively, are making cities in emerging markets "unliveable" and placing economic growth in jeopardy. Over 50% of the world's population now live in cities, with a fast growing number of megacities, each having more than 10 million residents. The urban poor suffer particularly from the impacts of congestion and pollution. In 2002, SF co-founded **EMBARQ** that acts as a specialist network of mobility experts, driving the implementation of sustainable urban transport solutions.

Between 2012-2050 it is estimated the freight sector will increase by 350-550% creating a disproportionate environmental impact in emerging markets. In Asia alone, only 9% of vehicles are trucks, but these contribute to 54% of transport CO₂ emissions. In 2013 SF co-founded **Smart Freight Centre (SFC)** as a global intermediary in the freight sector to reduce CO₂ emissions and improve fuel efficiency in emerging markets.

<i>Objectives</i>	<i>Activities undertaken</i>	<i>Achievements</i>	<i>Future plans</i>
Deepen EMBARQ's impact in China and support their global expansion by developing a low-cost model that accelerates the number of cities they impact.	SF provided additional resources to support the growth of EMBARQ globally and appointed a SF China country manager to help EMBARQ leverage networks, deepen their presence and increase impact.	To date EMBARQ has served 5.5 billion passengers and saved 2.95 million tonnes of CO ₂ emissions to date. In 2014 EMBARQ signed an MOU with Beijing Municipal Commission of Transport to develop a city Low Emissions Zone and partnered with China's 4th largest city to expand its sustainable mobility infrastructure.	Grow EMBARQ's global impact by scaling their China programme and increasing the number of their city interventions.
Build SFC's organisational capacity, engage key stakeholders and establish a new framework in the global freight sector to reduce emissions and improve fuel efficiency at scale.	SF provided core funding and business support to build organisational capacity and helped establish SFC governance and operational structure.	SFC was selected to lead the Global Logistics Emissions Council – a global industry body set up to develop a single universal framework for emissions measurement, labelling and reporting.	Establish SFC's new 'global framework' as a key tool to calculate and measure emissions and implement a business model to increase adoption of fuel efficient technologies in China.
Pilot innovative business models and incubate new enterprises that continue to increase mobility of people in cities and reduce environmental impact of the freight sector.	Working in partnership with EMBARQ India, SF hosted the Rickshaw Rising challenge contest and, in partnership with Factor(E) Ventures, identified potential sustainable mobility enterprises for further incubation.	SF established a partnership with social enterprise, Lightning Hybrids, to support the commercial development of an innovative, fuel-saving technology for buses and trucks that reduces harmful emissions and air pollutants.	Increase portfolio of innovative sustainable mobility enterprises.

Resources expended:	2014 \$000	2013 \$000
Grants	889	2,552
Direct costs	269	172
Support costs	56	157
Total	1,214	2,881

Shell Foundation

Report of the trustees (continued) for the year ended 31 December 2014

Sustainable Job Creation

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

Shell Foundation's Sustainable **Job Creation** programme focuses on supporting under-served SMEs in developing countries to drive job creation and economic growth. Shell Foundation has a long-term strategic partnership with GroFin – a specialist financier and developer that assists start-up and early stage growth SMEs through the integrated provision of business development assistance and appropriate finance. Together, Shell Foundation and GroFin are promoting a new asset class called 'Growth Finance' as a self-financing driver of inclusive growth.

<i>Objectives</i>	<i>Activities undertaken</i>	<i>Achievements</i>	<i>Future plans</i>
Provide governance and advisory support to ensure successful deployment of GroFin SME funds in Africa and the Middle East.	SF played an active strategic and governance role to support GroFin to manage funds and secure new financial commitments.	GroFin now provides finance to SMEs across 12 countries in Africa and the Middle East. They have invested US\$162m into 547 businesses, and as a result created and maintained 17,000 jobs.	SF will continue to provide governance and capacity-building support to maintain GroFin's growth and attract long-term funding to support and sustain SME funds.
Together with GroFin, create a new innovative business model to attract long-term funding to support and sustain SME funds.	SF and GroFin collaborated to develop a new Small and Growing Business (SGB) Fund with a tiered capital structure to meet a wider range of investors risk/return expectations supporting the SME sector.	With support from SF the new fund has attracted US\$21m of investment and US\$2.3m of grant funding.	Support GroFin to achieve its mission to scale-up the SGB Fund – with the aim to generate 75,000 jobs benefiting more than 1.2 million people.
Support fund-raising to scale the new Middle East SME fund (called Nomou) activities in Jordan, Oman, Iraq and Egypt.	Together with GroFin SF have built the operational capacity of Nomou in Jordan, Oman, Egypt and Iraq and engaged with investors to attract long-term investment. By September 2014, US\$8.35m was invested in 14 SMEs.	SF obtained in principal approval for a restricted donation from USAID making a commitment to provide US\$30m of grant funding over five years to support the scale-up of Nomou in Iraq, first year US\$4m.	Support GroFin to attract investment at a national level and provide advisory support to secure new implementation partners.

Resources expended:

	2014	2013
	\$000	\$000
Grants	16,270	16,805
Direct costs	325	363
Support costs	808	989
Total	17,403	18,157

Report of the trustees (continued) for the year ended 31 December 2014

Incubator

The **Incubator** programme aims to test a diverse range of innovative projects to identify which, if any, offer the potential to be both sustainable and scalable solutions that will increase access to energy and improve sustainable mobility in emerging countries. We highlight below information on key activities supported through the programme.

<i>Objectives</i>	<i>Activities undertaken</i>	<i>Achievements</i>	<i>Future plans</i>
Maintain a limited portfolio of Incubator projects that add value to existing programmes or represent solution-orientated approaches to issues consistent with SF's mission.	SF has been seeking innovative sustainable energy solutions to better serve the energy demand of SMEs and community services.	In 2014, SF partnered with Redavia, an innovative business that has created preassembled hybrid solar farms available on a rental basis (integrating with existing diesel gensets) – improving the energy efficiency of rural industry.	Increase support to develop next generation solar/diesel hybrid which will increase efficiencies by 80%, and support Redavia expansion into energy for community needs.
	To catalyse market growth for off-grid lighting, SF assessed the need for an industry body to advise on policy, consolidate market data and create industry-wide standards.	In 2014, SF partnered with the Global Off Grid Lighting Association to develop its 2015-2020 strategy and build organisational capacity to support the growth of the sector.	Continue active involvement with a limited portfolio of Incubator projects.
	SF has been exploring opportunities to increase 'access to markets' for social enterprises delivering energy products.	SF developed a partnership with Logistimo, to pilot a 'mobile based' last mile logistics distribution model that connects customers with people that have their own transport to carry goods from one location to another.	Maintain support to current pilot partners to expand the reach of SF programmes, test new models and develop capacity- building intermediaries to support the growth of new inclusive markets.

Resources expended:	2014 \$000	2013 \$000
Grants	1,644	2,790
Direct costs	146	132
Support costs	87	168
Total	1,877	3,090

Shell Foundation

Report of the trustees (continued) for the year ended 31 December 2014

Details of all grants awarded in the year ended 31 December 2014 are listed in the table below. The balance on the grants committed but not paid as at 31 December 2014 will be payable in subsequent financial years (see notes 4, 15 and 16).

<u>Programme</u>	<u>Grantee</u>	<u>Total Funding \$000</u>
Sustainable Job Creation	GroFin MENA <i>Phase 3: Business development assistance</i>	3,000
	GroFin MENA <i>Termination</i>	(230)
	GroFin MENA <i>Phase 3: Financing SMEs</i>	11,000
	GroFin MENA <i>Operational support to SGBs in Africa</i>	2,500
		<hr/> 16,270
Sustainable Mobility	CTS EMBARQ Mexico <i>Mexico transport demand management consultancy</i>	30
	CTS EMBARQ Mexico <i>Termination</i>	(30)
	World Resources Institute <i>EMBARQ 2014 funding</i>	750
	World Resources Institute <i>SME Mobility Ecosystem</i>	139
		<hr/> 889
Access to Energy	Calvert Social Investment Foundation <i>Calvert Foundation Partnership</i>	1,000
	Berkeley Air Monitoring Group <i>M&E: HM-5000 Honduras responsAbility</i>	135
	<i>Energy Access Fund</i>	1,000
	Envirofit International <i>Repayable grant</i>	250
	Factor(E) Ventures <i>Scale-up 2015</i>	2,500
	Husk Power Systems <i>Turnaround plan</i>	750
	M-KOPA Services LLC <i>Scaling the model</i>	4,500
		<hr/> 10,135

Shell Foundation

Report of the trustees (continued) for the year ended 31 December 2014

<u>Programme</u>	<u>Grantee</u>	<u>Total Funding \$000</u>
Incubator	Logistimo India Private Ltd	
	<i>Distribution network in rural markets</i>	262
	IntelleCap	
	<i>Replication in East Africa</i>	185
	Global Off-Grid Lighting Association	
	<i>Building core capacity</i>	279
	AutoRaja Mobility Solutions	
	<i>Rickshaw Rising challenge</i>	29
	Three Wheels United India Services	
	<i>Rickshaw Rising challenge</i>	29
	Ubida Solutions Pvt Ltd	
	<i>Rickshaw Rising challenge</i>	57
	The Environment Bank Ltd	
Policy & Advocacy	<i>Scaling-up EBL</i>	523
	Natural World Ltd	
	<i>Transist energy incubator</i>	280
		1,644
	Asia Venture Philanthropy Network	
	<i>Accelerating VP in India/China</i>	260
	IntelleCap	
	<i>Sankalp Forum</i>	85
	Forum for the Future	
	<i>Scaling-up impact</i>	253
Total grants awarded in 2014		29,536

Note: Negative amounts represent a reduction, usually due to the project being completed for less than the grant total originally awarded, or due to the termination of a grant by mutual agreement.

Shell Foundation

Report of the trustees (continued) for the year ended 31 December 2014

Financial Review

Financial Activities

The Statement of Financial Activities is set out on page 18 of the financial statements.

Principal Funding Sources

The Foundation's annual grant programmes are funded by distributions from its endowment fund. Shell Group made unrestricted donations of US\$6m in 2014, approved some funding for 2015, and agreed 'in principle' to funding beyond this in the event that the endowment does not generate sufficient income for the charity to achieve its objectives and maintain impact.

Reserves

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

The Foundation's policy for unrestricted reserves is to maintain reserves at a level such that the cash on hand is sufficient to meet payments due in the next six months and any contingent liabilities. This level will be maintained by liquidating expendable endowment assets as and when required and building flexibility into our expenditure plans for future years to avoid compromising our long-term financial objectives. At 31 December 2014 the cash on hand exceeded payments due in the next six months by US\$4.8m. The Foundation drew down US\$17m from the endowment during the year. The reserve policy is reviewed at least annually. At the year end the restricted funds were in deficit due to timing differences between recognition of income and expenditure commitments.

Endowment Investment Policy and Performance

In 2011, following a review of the investment objectives and strategy, the trustees adopted a new investment policy, which aims to maintain the real value of both distributions and the endowment asset value. To achieve this, the endowment is invested in a diversified asset allocation of global equities, hedge funds and fixed income funds. In order to mitigate the risk associated with investing globally in multiple currencies, 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 foreign exchange contracts.

2014 was another positive year for Shell Foundation's investment portfolio. Overall, total portfolio performance came in at 3.5%. All asset categories had positive returns for the year.

The Foundation's overall investment portfolio performance was more or less in line with the benchmark return of 3.3%. The total return on the equity portfolio was 1.6%. The equity portfolio is invested in securities in Europe, North America, the Pacific and Emerging Markets. The approach is passive, wherein the indices designed by Morgan Stanley Capital International (MSCI) are replicated. North America was the strongest performer, with a total return of 12.5%. The other regions (in US Dollar terms) showed moderately negative returns, mainly as a result of the fact that many foreign currencies weakened against the US Dollar were not hedged.

The fixed income portfolio showed a strong return of 6.8%, which is exactly in line with the benchmark. The portfolio is invested in sovereign securities in the global pool, as well as credit instruments in the credit pool. The Foundation also holds 25% of its fixed income portfolio in very short dated US treasury paper in order to make the overall fund less sensitive to interest rate increases in the US.

The hedge fund portfolio returned 4.1%, outperforming its benchmark by 0.9%, mainly as a result of the strong performance of strategies that take positions on global macro factors.

The Foundation also holds programme related investments, which are held for charitable along with financial returns.

Report of the trustees (continued) for the year ended 31 December 2014

Plans for Future Periods

See the review of achievements and performance on pages 8 to 11 for details of future plans.

Principal Risks and Uncertainties

The trustees have identified the major risks to which the Foundation is exposed. The level of exposure for each risk is assessed by considering the likelihood of occurrence, the potential consequences of occurrence and the effectiveness of existing controls in place to mitigate the risk. The trustees review these assessments at least twice a year, at their board meetings

Of the 10 key risks identified, none is currently regarded as posing an unacceptable residual exposure. One key area of risk for the Foundation is the reliance on strategic partners to take programmes forward and build both developmentally sound and financially viable businesses. This risk continues to be managed through the careful selection process for new strategic partners, and ongoing management of existing partners.

Financial Risk

Another key risk is the performance of the endowment fund, particularly after the losses incurred during 2008 and as the Foundation must rely on its endowment for unrestricted income. In response to this risk, the trustees implemented new investment objectives in 2011. They also secured agreement from the member to provide additional 'top-up' unrestricted donations until at least 2016 in the event that the endowment does not generate sufficient returns to achieve the Foundation's objectives and maintain impact.

The Foundation also has programme related investments where funding has been provided by way of social investment rather than grant. The key financial risk associated with these investments is cash flow risk around the size, timing and reliability of returns. This cash flow risk is mitigated by regular monitoring of the investments and taking a prudent approach with respect to these returns in our cash flow forecasting.

Independent Auditors

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

PricewaterhouseCoopers LLP accordingly shall continue as Independent Auditors of Shell Foundation pursuant to section 386(2) of the Companies Act 2006. In accordance with the Companies Act 2006, any Member or the Auditors may require the report and financial statements to be laid before a general meeting by depositing a notice to that effect at the registered office of the Foundation not later than 28 days after the despatch of the financial statements and reports to Members.

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



Mr Malcolm Brinded, CBE
Trustee

10 September 2015

Independent auditors' report to the member of Shell Foundation

Report on the Financial Statements

Our opinion

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2014 and of its incoming resources and application of resources, including its income and expenditure and cash flows 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.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The financial statements, which are prepared by Shell Foundation, comprise:

- the balance sheet as at 31 December 2014;
- the statement of financial activities and the summary income and expenditure account for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

What an audit of financial statements involves

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Report of the Trustees and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Trustees' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the trustees

As explained more fully in the Statement of Trustees' Responsibilities set out on page 5, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's member and trustees as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Ross Hunter (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 September 2015

Shell Foundation

Statement of financial activities for the year ended 31 December 2014

Company Registered Number: 4007273

	Note	Unrestricted Funds 2014 \$000	Restricted Funds 2014 \$000	Endowment Funds 2014 \$000	Total Funds 2014 \$000	Total Funds 2013 \$000
Incoming Resources						
<i>Incoming resources from generated funds</i>						
Voluntary income						
- Donations	2	6,000	18,851	-	24,851	20,069
Investment Income	3	-	-	6,269	6,269	5,573
Total Incoming Resources		6,000	18,851	6,269	31,120	25,642
Resources Expended						
<i>Cost of generating funds:</i>						
Investment management costs		-	-	(331)	(331)	(470)
Total Cost of Generating Funds		-	-	(331)	(331)	(470)
Charitable Activities						
- Access to Energy		(9,939)	(2,250)	-	(12,189)	(14,035)
- Sustainable Mobility		(1,214)	-	-	(1,214)	(2,881)
- Sustainable Job Creation		(3,633)	(13,770)	-	(17,403)	(18,157)
- Incubator		(1,877)	-	-	(1,877)	(3,090)
- Policy and Advocacy		(658)	-	-	(658)	-
- Other		(461)	-	-	(461)	(770)
Total Charitable Activities	5	(17,782)	(16,020)	-	(33,802)	(38,933)
Governance costs	7	(941)	-	-	(941)	(765)
Total charitable expenditure		(18,723)	(16,020)	-	(34,743)	(39,698)
Total Resources Expended		(18,723)	(16,020)	(331)	(35,074)	(40,168)
Net (outgoing)/incoming resources before transfers		(12,723)	2,831	5,938	(3,954)	(14,526)
Transfers		16,669	-	(16,669)	-	-
Net (outgoing)/incoming resources before other recognised gains and losses		3,946	2,831	(10,731)	(3,954)	(14,526)
Other recognised gains and losses						
Realised gains on the revaluation and disposal of investment assets		-	-	16,231	16,231	2,004
Unrealised gains on the revaluation and disposal of investment assets		-	-	(5,883)	(5,883)	42,176
Net Movement in Funds		3,946	2,831	(383)	6,394	29,654
Fund balances brought forward at 1 January		13,024	(8,223)	472,878	477,679	448,025
Fund balances carried forward at 31 December		16,970	(5,392)	472,495	484,073	477,679

All incoming resources, resources expended and resulting net movements in funds are derived from continuing activities. There are no recognised gains or losses other than those outlined in the Statement of Financial Activities. There is no material difference between the net (outgoing)/incoming resources and the net movement in funds for the financial year stated above and their historical costs equivalents.

The accompanying notes form part of these financial statements.

Shell Foundation

Income and expenditure account for the year ended 31 December 2014

	2014 \$000	2013 \$000
Income		
Voluntary Income	24,851	20,069
Total realised income	24,851	20,069
Expenditure		
Charitable activities	(33,802)	(38,933)
Governance costs	(941)	(765)
Total expenditure	(34,743)	(39,698)
Net (deficit) of income over expenditure for the year	(9,892)	(19,629)

Balance sheet as at 31 December 2014

	Note	2014 \$000	2013 \$000
Fixed Assets			
Investments	11	472,523	472,906
Programme related investments	12	11,426	9,324
Total Fixed Assets		483,949	482,230
Current Assets			
Debtors	13	12,370	5,300
Cash at bank and in hand	14	15,305	14,567
Short-term deposits	14	-	5,000
Total Current Assets		27,675	24,867
Creditors: amounts falling due within one year	15	(20,644)	(22,901)
Net Current Assets	18	7,031	1,966
Total Assets less Current Liabilities		490,980	484,196
Creditors: amounts falling due after more than one year	16	(6,907)	(6,517)
Net Assets		484,073	477,679
The funds of the charity:			
Endowment Funds (including Revaluation Reserve US\$72,316,160 (2013: US\$61,076,160))	17	472,495	472,878
Restricted income Funds	17	(5,392)	(8,223)
Unrestricted income Funds	17	16,970	13,024
Total Charity Funds		484,073	477,679

The accompanying notes form part of these financial statements.

The financial statements on pages 18 to 31 were approved by the trustees and signed on their behalf by:


Mr Malcolm Brinded, CBE
Trustee

10 September 2015

Shell Foundation

Cash flow statement for the year ended 31 December 2014

Note	2014		2013	
	\$000	\$000	\$000	\$000
Net cash (outflow)/inflow from operating activities	19	(2,160)	101	
Returns on investments and servicing of finance				
Interest Income (unrestricted & restricted)	-	-	-	-
Investment Income (unrestricted & restricted)	-	-	-	-
Investment income received from endowment funds	6,319		5,593	
Investment income attributable to endowment funds	(6,319)		(5,593)	
Total returns on investments and servicing of finance		-		-
Capital expenditure and financial investment				
Investing Activities	11			
Purchase of investments	(125,751)		(68,939)	
Purchase of programme related investments	(3,047)		(1,209)	
Sale of investments	135,572		84,369	
Sale of programme related investments	945		800	
Increase in investment cash	(4,612)		(871)	
Hedging Activities	11			
Purchases/(disposals) on forward foreign exchange contracts	669		(332)	
Proceeds on forward foreign exchange contracts	4,808		775	
Loss on foreign exchange	(24)		(4,102)	
Cash flow attributable to endowment investments	(15,274)		(11,771)	
Total capital expenditure and financial investment		(6,714)		(1,280)
Financing				
Investment income retained within endowment funds	6,319		5,593	
Cash flow attributable to endowment investments	15,274		11,771	
Distribution from endowment to unrestricted cash	(16,669)		(10,242)	
Cash expended on endowment fund fees	(312)		(462)	
Total Financing		4,612		6,660
(Decrease)/increase in cash in the year		(4,262)		5,481

Reconciliation of net funds for the year ended 31 December 2014

(Decrease)/increase in cash in the year	(4,262)	5,481
Analysis of change in cash		
Cash balance at 1 January	19,567	14,086
Cash balance at 31 December	15,305	19,567
(Decrease)/increase in cash in the year	(4,262)	5,481

The accompanying notes form part of these financial statements.

Shell Foundation

Notes to the financial statements for the year ended 31 December 2014

1 Accounting Policies

Basis of Preparation

The financial statements are prepared in accordance with the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities', published in March 2005, and in accordance with applicable United Kingdom accounting standards and the Companies Act 2006. The accounting policies have been applied consistently, other than where new policies have been adopted in accordance with the Charities Act 2011.

The financial statements are prepared under the historical cost convention, as modified by the revaluation of investments. The programme related investments are not modified by the revaluation of investments. The financial statements are prepared on a going concern basis.

The financial statements of the Foundation are prepared in US Dollars. This is because the local currency of the Foundation, defined in SSAP 20 as the currency of primary economic environment in which the Foundation operates, is US Dollars, reflecting the high proportion of grants awarded and donations received in dollars and consequent dollar weighting of its investment funds. The average exchange rate used during the year translate Sterling (GBP) to US Dollars (US\$) was GBP/US\$ 1.6466.

Fund Accounting

Funds held by the charity are either:

- general unrestricted income funds, that are expendable at the discretion of the trustees in furtherance of the charity'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.

Incoming Resources

Donations and investment income are included in the Statement of Financial Activities when the charity is legally entitled to the income. Donated services, if applicable, are included in income at a valuation, which is an estimation of the value to the charity. No donated services were received in 2014.

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.

Resources Expended

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 Generating Funds

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

Notes to the financial statements (continued) for the year ended 31 December 2014

1 Accounting Policies (continued)

Charitable Activity Costs

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

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

Governance Costs

Governance costs comprise direct and indirect costs for the strategic running of the charity itself as an organisation, as distinct from directly pursuing its charitable activities. Direct costs include such items as external audit, legal advice for trustees and costs associated with constitutional and statutory requirements. Indirect costs include a proportion of management (and other staff) time spent on strategic activities, together with associated overhead costs (see note 7).

Value Added Tax ('VAT')

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

Gains and Losses on Foreign Exchange

Monetary assets and liabilities denominated in currencies other than US Dollars are converted to US Dollars at the rate ruling at the balance sheet date. Items of income and expenditure in non-US Dollar currencies are converted at transaction date exchange rate where known, or otherwise at the average rate for the period. Non-US Dollar items primarily relate to UK and Netherlands operating costs, which are incurred in pounds sterling ('GBP') and Euros, as well as a small proportion of grants awarded in GBP and Euros. All realised and unrealised gains and losses on exchange are reflected in the Statement of Financial Activities.

Investments

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

Programme related investments are carried at cost less any provision for diminution in value. Such investments are subject to review, and any diminution is charged to the Statement of Financial Activities.

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.

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2014

2 Donations

	2014 \$000	2013 \$000
Cash		
Unrestricted		
Shell Trading International Ltd	6,000	6,000
Restricted		
Shell Trading International Ltd	14,000	9,900
OPEC Fund for International Development	900	525
Department for International Development	3,511	3,644
Inter-American Development Bank	670	-
JP Morgan	(230)	-
	24,851	20,069

A donation received from JP Morgan in 2010 was returned, as the restriction placed on the donation could no longer be met.

The geographical markets donations were received from: United Kingdom US\$23.3m (2013: US\$19.5m), worldwide US\$0.9m (2013: US\$0.5m) and United States of America US\$0.7m (2013: nil).

3 Investment income	2014 \$000	2013 \$000
Fixed interest securities	892	405
Dividends	5,377	5,168
	6,269	5,573

4 Grants expenditure

	2014 \$000	2013 \$000
Grants awarded brought forward	(24,520)	(13,762)
Payments	28,323	23,617
Grants awarded within 1 year	18,826	18,003
Grants awarded after 1 year	6,907	6,517
Grants awarded in the year	29,536	34,375

A full list of grants awarded in the year ended 31 December 2014 is included in the Trustees' Report (pages 12 to 13).

Notes to the financial statements (continued) for the year ended 31 December 2014

5 Charitable Activities Expenditure by Programme

	Grants	Direct costs	Support costs	2014	2013
	\$000	\$000	\$000	\$000	\$000
Access to Energy	(10,135)	(1,488)	(566)	(12,189)	(14,035)
Sustainable Mobility	(889)	(269)	(56)	(1,214)	(2,881)
Sustainable Job Creation	(16,270)	(325)	(808)	(17,403)	(18,157)
Incubator	(1,644)	(146)	(87)	(1,877)	(3,090)
Policy and Advocacy	(598)	(30)	(30)	(658)	-
Other	-	(440)	(21)	(461)	(770)
Total for 2014	(29,536)	(2,698)	(1,568)	(33,802)	
Total for 2013	(34,375)	(2,438)	(2,120)		(38,933)

Grants are listed in the Trustees' Report accompanying these Financial Statements.

Direct costs include goods and services invoiced to the charity together with directly attributable manpower, and are allocated to the activity they relate to. Other support costs, that cannot be directly linked to an activity, are apportioned across the programme themes on the basis of the value of grant and direct cost expenditure. The activities making up these costs are shown in note 6 below.

6 Direct and Support Costs

	Direct costs	Support costs	2014	2013
	\$000	\$000	\$000	\$000
Manpower costs	(2,171)	(1,045)	(3,216)	(3,437)
External services	(55)	(229)	(284)	(245)
Communications	-	(198)	(198)	(305)
Travel	(465)	(29)	(494)	(539)
Training	(12)	(28)	(40)	(26)
Sundry	(5)	(138)	(144)	(100)
Exchange gain/loss	10	99	109	94
Total	(2,698)	(1,568)	(4,267)	(4,558)

External service costs are those paid directly to a third party supplier for services (including professional fees and consultancy) rather than being paid via a grantee intermediary. Direct costs for external services shows costs at the project level, support costs are charity-wide. Within external services for 2014, US\$94,493 was payable to Shell Group companies on normal business terms (2013: US\$19,405).

7 Governance Costs

	2014	2013
	\$000	\$000
Manpower costs	(878)	(700)
Audit fees (inclusive of VAT)	(54)	(56)
Trustee expenses	(9)	(9)
Total	(941)	(765)

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

Notes to the financial statements (continued) for the year ended 31 December 2014

8 Trustee Information

No trustee received any remuneration from the charity during the year. The Foundation directly incurred or reimbursed travel expenses in relation to two trustees totalling US\$8,523 (2013: US\$9,316 in relation to two trustees).

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

9 Employee Information

As an independent charity, Shell Foundation benefits in a number of ways from leveraging its links to Shell Group to achieve its mission and objectives. One example of this is with respect to staffing. The Foundation has no direct employees. Instead, employees of Shell Group companies are dedicated to work full-time for the Foundation in sole pursuit of its charitable objectives. Their remuneration is based on The Shell Group Global Pay Policy and their performance is assessed against pre-determined personal targets concerning their work for the Foundation as well as their wider contribution to meeting the Foundation's overall charitable mission. The monthly average staff employed by Shell Group companies to work for the Foundation during the year was 13.6 (2013: 13.5). The monthly average split of employees between direct and support activities was direct 5.9 (2013: 7.5) and support 7.7 (2013: 6.0).

Manpower expenditure included in Direct and Support costs (note 6) and Governance costs (note 7) comprises charges at cost in respect of the services of these Shell Group employees, including salaries, taxes and office overhead costs. The salary and taxes paid by Shell Group companies in relation to these employees are as follows:

	2014 \$000	2013 \$000
Wages and salaries	(2,181)	(1,980)
Social security	(423)	(265)
Other pension costs	(214)	(471)
	(2,818)	(2,716)

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

GBP	2014	2013
60,000 to 70,000	1	2
70,000 to 80,000	1	1
80,000 to 90,000	2	-
90,000 to 100,000	-	1
100,000 to 110,000	1	2
120,000 to 130,000	1	-
130,000 to 140,000	-	1
150,000 to 160,000	-	1
160,000 to 170,000	1	-
180,000 to 190,000	1	1
220,000 to 230,000	1	-
	9	9

Shell Group companies made contributions during the year to a defined benefit pension scheme of GBP 209,499 in relation to these 9 employees (2013: GBP 224,934 in relation to nine employees).

Notes to the financial statements (continued) for the year ended 31 December 2014

10 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 on in furtherance of the charity's primary objectives, if these profits and surpluses are applied solely for charitable purposes.

11 Investments

	2014 \$000	2013 \$000
Market value at 1 January	472,906	439,653
Purchases	131,132	74,106
Sales/withdrawals	(152,571)	(100,869)
Realised gains	17,123	2,004
Unrealised (losses)/gains	(5,883)	42,176
Movement of investment cash	9,816	15,836
Market value at 31 December	472,523	472,906

The year end value is analysed as:	2014 \$000	2013 \$000
Fixed income investments – UK	10,105	13,703
Fixed income investments – overseas	126,988	148,586
Equity investments – UK	25,275	76,971
Equity investments – overseas	252,438	187,086
Hedge funds – overseas	46,364	44,472
Forward foreign currency contracts	3,719	(1,090)
Other assets	606	763
Investment cash	7,000	2,388
Cash invested in institutional cash funds	28	27
Market value at 31 December	472,523	472,906

Cash invested in institutional cash funds represents cash invested in Fidelity Institutional Cash Fund plc. The trustees believe that the carrying value of the investments is supported by their underlying net assets.

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

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 just under 55% of bonds and 0% of hedge fund investments were non-US Dollar.

No individual asset within the investment portfolio had a value greater than 5% of the investment portfolio.

Notes to the financial statements (continued) for the year ended 31 December 2014

12 Programme related investments

	2014 \$000	2013 \$000
GroFin Africa Fund		
Cost brought forward at 1 January	9,324	8,915
Purchases	3,047	1,209
Sales	(945)	(800)
Cost carried forward at 31 December	11,426	9,324

The value of programme related investments at the year end is shown at cost. The investment in the GroFin Africa Fund (GAF) represents 11,426 Class A (US\$1,000) shares in the fund, which meets the objectives of the Sustainable Job Creation programme.

Additionally, during 2013 the Foundation awarded a 'convertible grant' to Envirofit International Inc. to further the charity's charitable aims. This grant contains an option to convert it into equity shares, the trigger points for which have not yet been met. As there is currently no value to this programme related investment it has been fully expensed, but if the option is exercised in the future any value to the shares will be recognised accordingly in the financial statements.

13 Debtors

	2014 \$000	2013 \$000
Restricted donations – Shell Trading International Ltd	12,370	5,300
	12,370	5,300

14 Cash at bank and on hand

	2014 \$000	2013 \$000
Cash at Bank	15,305	14,567
Cash held in short-term deposit	-	5,000
Total cash at bank and on hand	15,305	19,567

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

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2014

15 Creditors: amounts falling due within one year

	2014 \$000	2013 \$000
Grants Payable	18,810	18,003
Trade Creditors – Shell International Limited	230	388
Accruals – Shell International Limited	1,604	4,510
	20,644	22,901

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

16 Creditors: amounts falling due after more than one year

	2014 \$000	2013 \$000
Total grants payable	25,717	24,520
Less amounts falling due within one year (note 15)	(18,810)	(18,003)
	6,907	6,517

Represented by:

Grants payable in greater than one year but less than two years	6,635	4,942
Grants payable in greater than two years but less than five years	272	1,575
	6,907	6,517

17 Funds

	Balance Bfwd \$000	Incoming Resources \$000	Resources Expended \$000	Transfers \$000	Investment Gain/(losses) \$000	Balance Cfwd \$000
Endowment Funds	472,878	6,269	(331)	(16,669)	10,348	472,495
Unrestricted Funds	13,024	6,000	(18,723)	16,669	-	16,970
Restricted Funds	(8,223)	18,851	(16,020)	-	-	(5,392)
	477,679	31,120	(35,074)	-	10,348	484,073

At the year end the restricted funds were in deficit due to timing differences between recognition of income and expenditure commitments. Transfers were made between the expendable endowment and unrestricted funds during the year to fund the Foundation's annual activities.

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2014

18 Analysis of net assets between funds

	Note	Unrestricted Funds 2014 \$000	Restricted Funds 2014 \$000	Endowment Funds 2014 \$000	Total 2014 \$000	Total 2013 \$000
Fixed Assets						
Investments (at market value)	11	28	-	472,495	472,523	472,906
Programme related investments (at cost)	12	11,426	-	-	11,426	9,324
		11,454	-	472,495	483,949	482,230
Current Assets						
Debtors	13	-	12,370	-	12,370	5,300
Cash at bank and on hand	14	15,382	(77)	-	15,305	19,567
Creditors: amounts falling due within one year	15	(8,471)	(12,173)	-	(20,644)	(22,901)
Net Current Assets		6,911	120	-	7,031	1,966
Total Assets less Current Liabilities		18,365	120	472,495	490,980	484,196
Creditors: amounts falling due after more than one year	16	(1,395)	(5,512)	-	(6,907)	(6,517)
Net Assets		16,970	(5,392)	472,495	484,073	477,679

19 Reconciliation of net incoming resources to net cash inflow from operating activities

	2014 \$000	2013 \$000
Continuing activities		
Net incoming / (outgoing) resources – unrestricted & restricted funds	6,776	(9,388)
Investment income – unrestricted & restricted funds	-	-
Increase in net debtors – unrestricted & restricted funds	(7,070)	(2,300)
(Decrease)/increase in net creditors – unrestricted & restricted funds	(1,866)	11,789
	(2,160)	101

20 Capital commitment

The Foundation had no capital commitments as at 31 December 2014 (2013: US\$ nil).

21 Capital

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

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2014

22 Related party transactions

The sole member of the Foundation is The Shell Petroleum Company Limited (SPCo). The ultimate parent company of SPCo is Royal Dutch Shell plc. The Foundation's investment manager is Shell Asset Management Company (SAMCo), which is also a subsidiary of Royal Dutch Shell plc. During the year the Foundation incurred investment management costs of US\$298,367 (2013: US\$202,782) on normal business terms with SAMCo.

During the year the Foundation made payments of US\$937,540 (2013: US\$439,070) on normal business terms with Shell International BV and US\$7,745,804 (2013: US\$4,852,343) on normal business terms with Shell International Limited.

Of the Foundation's current or former trustees listed on page 3, the following are or were directors or officers of certain Shell Group companies: Mr Malcolm Brinded, Mr Hugh Mitchell and Mr Ben van Beurden. The Shell Group has other charitable affiliates that are not formally related to the Foundation, such as The Shell Centenary Scholarship Fund in the UK and the Shell Oil Foundation in the USA.

Donations received included the following as disclosed in Note 2:

Entity Name	2014 \$000	2013 \$000
Shell Trading International Ltd	20,000	15,900

As part of Shell Foundation's approach as an engaged donor, Shell Foundation staff members often participate in the governance of strategic partners. The balance outstanding at year end for grants made to organisations where Shell Foundation has a Board member or other governance role are as follows:

Entity Name	2014 \$000	2013 \$000
CottonConnect Limited	564	864
Jain Sons Finlease Ltd	335	335
First Light Ventures	380	380
M-KOPA Services LLC	1,830	-
Gajam Group Limited	700	1,900
Factor(E)	1,800	950
Asian Venture Philanthropy Network	210	-
Global Off-Grid Lighting Association (GOGLA)	112	-
d.light	270	-
Husk Power Systems	500	-
GroFin Nomou (MENA)	16,489	-

23 Guarantees and contingent liabilities

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

In October 2012, Shell Foundation offered a seven year financial guarantee of US\$1.5m to Calvert Social Investment Foundation Inc. to cover a US\$3.0m loan facility to Envirofit International Inc. As of December 2014, Envirofit International Inc had drawn down US\$3.0m of this loan.

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2014

23 Guarantees and contingent liabilities (continued)

In December 2014, Shell Foundation provided a financial guarantee of US\$1.0m to Calvert Social Investment Foundation Inc. to cover a US\$1.0m loan facility to Envirofit International Inc. As of December 2014, Envirofit International Inc had drawn down US\$1.0m of this loan.

24 Post balance date events

In March 2015, Shell Foundation injected equity of US\$1.0m into Envirofit International Inc. to purchase 277,777 shares and converted a repayable grant of US\$2.0m into 425,534 shares in this entity.

In August 2015, Shell Foundation injected further equity of US\$2.0m into Envirofit International Inc. to purchase 555,555 shares.

Shell Foundation

(a company limited by guarantee)

Report of the trustees and financial statements for the year ended 31 December 2015

Company Registered Number: 4007273

Charity Registered Number: 1080999



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Shell Foundation

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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

Shell Foundation

Trustees, directors, officers and advisors

Trustees (who are also directors)

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

Mr Malcolm Brinded, CBE	Chairman, Nominated Trustee	
Mr Ben van Beurden		Resigned 7 July 2016
Mr Hugh Mitchell		Resigned 26 November 2015
Lord Mark Malloch-Brown	Nominated trustee	
Dr William Kalema	Nominated trustee	Resigned 1 July 2015
Mr Maxime Verhagen	Nominated trustee	
Prof Maggie Kigozi	Nominated trustee	Appointed 1 July 2015
Mr Andrew Brown		Appointed 26 November 2015

Principal Officers

Dr Chris West	Director	Resigned 16 February 2015
Mr Sam Parker	Director	Appointed 16 February 2015
Shell Corporate Secretary Ltd	Secretary	
Ms Amanda Burston	Finance Manager	Resigned 31 August 2015
Ms Rachel Singh	Chief Financial Officer	Appointed 1 September 2015
Mr Paul Suller	Interim Chief Financial Officer	Appointed 1 February 2016

Registered Office

Shell Centre
York Road, London
SE1 7NA

Independent Auditors

PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers

Lloyds Bank plc
25 Gresham Street
London EC2V 7HN

Investment Custodian

Shell Asset Management Company
Winston Churchill Tower
Sir Winston Churchillaan 366H
2285 SJ, Rijswijk
The Netherlands

Shell Foundation

Report of the trustees for the year ended 31 December 2015

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 2015.

The information with respect to trustees, directors, officers and advisors set out on page 3 forms part of this report. The financial statements comply with current statutory requirements, the Memorandum and Articles of Association, applicable Accounting Standards in the United Kingdom, the Statement of Recommended Practice 'Charities SORP (FRS 102)' effective 1st January 2015, the Companies Act 2006 and the Charities Act 2011.

Status and Administration

Shell Foundation ('the Foundation' or 'SF') is a charitable company limited by guarantee, incorporated on 31 May 2000 (company registration number 4007273) and registered with the Charity Commission as a charity on 2 June 2000 (charity registration number 1080999). Since 14 February 2008, the Foundation has had charity registration with the tax authorities in The Netherlands (as an *algemeen nut beogende instelling*, registration number 823793059). The Foundation is also registered in the United States of America under section 501(c)(4) of the Internal Revenue Code, identification number 98 0368454.

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

Structure, Governance and Management

Governance and Internal Controls

The trustees are appointed by the sole member of the Foundation (The Shell Petroleum Company Limited), in consultation with the existing trustees.

New trustees are provided with information on trustee guidelines as prepared by the Charity Commission, and information on the Foundation as appropriate. Briefing discussions are held with the Director of the Foundation and other key staff. Trustees are requested annually to confirm any related party transactions.

The trustees meet formally twice each year. They review and approve:

- A strategic plan and annual budget for the Foundation.
- The Foundation's financial results, variances from budget, investment performance, and non-financial performance indicators.
- Internal controls (including delegation of authorities and segregation of duties).
- Risks associated with the Foundation's activities and appropriate mitigation measures in respect of those risks.
- The team's performance against pre-determined annual targets.
- Certain actions that are above the authority level of the Director or Management Team.

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

Shell Foundation

Report of the trustees (continued) for the year ended 31 December 2015

Statement of Trustees' Responsibilities

The trustees (who are also directors of Shell Foundation for the purposes of company law) 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 Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice). 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 charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable 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 Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" has been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and disclose with reasonable accuracy at any time the financial position of the charitable company 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 charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The maintenance and integrity of the Shell Foundation's website is the responsibility of the trustees. 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 auditors are 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 auditors are aware of that information.

Relationship with the Shell Group

The Foundation was formally incorporated on 31 May 2000 and registered as a charity on 2 June 2000. Between incorporation and 31 December 2000, donations of US\$259m were received from Shell Group companies, of which US\$256m was in the form of an expendable endowment and the balance as unrestricted funds. In addition to the endowment, the Foundation has received restricted and unrestricted donations from the Shell Group totalling US\$215m to the end of 2015.

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

Shell Foundation

Report of the trustees (continued) for the year ended 31 December 2015

Grant Commitments

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

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

Certain milestones must be met by the grantee to receive scheduled grant payments to ensure they remain aligned to the Foundation's charitable objectives. The expectation upon signing the Letter of Commitment (LOC) is that the grantee will be able to achieve the milestones. Progress against milestones is monitored, based on reports from the grantee, and where a grantee does not meet a milestone the payment of that instalment of the grant may be deferred until such time as the milestone has been met.

Social Investments

Grant funding continues to be our standard mechanism for early support to partners. Other forms of social investment will be considered, but only in relation to the scale-up of existing Foundation strategic partners and in ways that have additionality (e.g. leveraging support from other investors), and this may include convertible grants, repayable grants/loans, fund investments, equity and financial guarantees. All proposed non-grant social investments have been subject to approval by the Board of Trustees regardless of size. These programme related investments further the delivery of our charitable objectives and KPIs.

Any private benefit generated by our social investments is incidental to the pursuit of the public benefit and our charitable objectives. The Foundation seeks to liquidate its social investments once the investee enterprise is sufficiently mature and profitable to attract normal commercial investors and funding.

Objectives and Activities for the Public Benefit

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

1. The protection and preservation of the environment and public health by means of education and research into the provision and use of energy in ways that reduce or eliminate harmful emissions. *The Foundation has pursued this objective via grants made through its Access to Energy, Sustainable Mobility and SME Job Creation programmes.*
2. The advancement of education of young persons and adults. *This objective was not the focus of a specific programme in 2015.*
3. The establishment in life of young persons aged not more than 30 years. *This objective was not the focus of a specific programme in 2015.*
4. The relief of poverty, suffering, hardship and distress. *This objective has been furthered via grants made through all the Foundation's programmes.*

These objectives have been met through the activities described on the following pages.

Report of the trustees (continued) for the year ended 31 December 2015

The trustees confirm they have complied with the guidance contained in the Charity Commission's general guidance on public benefit in section 4 of the Charities Act 2011 when reviewing the Foundation's aims and objectives and when considering grants to be awarded. The Foundation's Articles permit it to make grants to further these objectives anywhere in the world, and its policy is to act as a truly international grant-making foundation. It is not the Foundation's practice to support:

- Capital schemes for building construction, purchase or renovation, or land purchase, other than where intrinsic to a wider project within the programme areas.
- Endowments, debt reduction and fund-raising campaigns.
- Projects with political or religious objectives.
- Normally, funding for individual study tours or attendance at conferences.

The activities carried out to meet these objectives are summarised in the Strategic Report below.

Strategic Report

Achievements and Performance

The achievements and performance of the Foundation are detailed on the following pages.

Shell Foundation

Report of the trustees (continued) for the year ended 31 December 2015

Access to Energy

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

This programme aims to build a viable market for affordable off-grid energy solutions. SF co-creates and supports the scale-up of pioneering social enterprises and market enablers (such as supply chain or financial intermediaries), to increase the availability of modern energy services to low income consumers in ways that are financially viable and scaleable. Our geographic focus is India, Africa and Latin America. In addition, the programme aims to create significant reductions in carbon emissions.

<i>Objectives</i>	<i>Activities undertaken</i>	<i>Achievements</i>	<i>Future plans</i>
Provide extensive business support and patient long-term funding to a small number of selected entrepreneurs that are providing modern energy products and services to low-income consumers.	SF provided strategic support to clean cookstove manufacturer Envirofit; including securing equity investment from FMO, debt funding from OPIC, and helping them establish operations in Latin America.	Envirofit have now sold 1 million clean cookstoves - making them the first clean cookstove manufacturer to achieve this scale and resulting in 5 million improved livelihoods.	Continue to support SF's social enterprise partners to build organisational capacity, attract investment and foster demand to scale their businesses across India, Africa and Latin America in 2016.
Work directly to help SF social enterprise partners to validate disruptive business models, achieve viable growth and deliver large-scale impact.	SF helped the newly appointed CEO of HPS - a rural utility - to redesign their business model, advance their technology and build the capacity of the management team in preparation for their scale up in 2016.	HPS successfully launched their first biomass and solar power hybrid plant, which makes it one of the cheapest 24 hour energy plants that effectively serves rural low-income communities.	Leverage funding into HPS to support the scale up of the rural utility model, and aim to improve a million lives.
The 2015 budget was reduced slightly versus 2014 to enable more funds to be assigned to the incubator programme to strengthen the pipeline of future strategic partners.	SF worked closely with the founding team of M-KOPA and d.light to develop their growth strategy into new markets.	1 million people have benefited from M-KOPA's PAYG solar home system. In 2015, they secured \$19 million of funding, and won the Zayed Future Energy Prize Award in the SME category. d.light has improved 50 million lives in over 62 countries and saved four million tonnes of CO2 with their affordable solar energy solutions.	Help SF's social enterprise partners to build new partnerships that expand distribution networks and create market awareness to improve access to modern energy products.
	SF provided extensive business support to build the organisational capacity of specialist intermediaries; Dharma Life (rural supply chain), responsAbility (working capital), Intellegrow (debt finance), and Factor (E) (early stage tech development).	Dharma Life grew the rural network to 4,200 entrepreneurs across 7 states in India. Also, responsAbility successfully launched a \$30million Energy Access Fund, which aims to improve 20 million lives through providing working capital to energy manufacturers to import and distribute their products.	Understand key barriers faced by energy enterprises and co-create new intermediaries to accelerate the growth and scale of impact.
	While scaling Dharma Life, SF identified one bottleneck to their long-term financial viability was the high cost and resources required to execute effective last mile marketing and behaviour campaigns. As a result, SF and DFID has supported the organisation to test a more cost-effective and scalable marketing solution.		

Resources expended:

	2015	2014
	\$000	\$000
Grants	8,215	10,135
Direct costs	1,292	1,488
Support costs	1,378	906
Total	10,885	12,529

Report of the trustees (continued) for the year ended 31 December 2015

Sustainable Mobility

This programme focuses on the sustainable movement of people and goods in developing country cities. The health impact of local air pollution, road traffic crashes, high levels of greenhouse gas emissions and an inability to move effectively, are making cities in emerging markets “unliveable” and placing economic growth in jeopardy. Over 50% of the world’s population now live in cities, with a fast growing number of megacities, each having more than 10 million residents. The urban poor suffer particularly from the impacts of congestion and pollution. In 2002, SF co-founded **EMBARQ** that acts as a specialist network of mobility experts, driving the implementation of sustainable urban transport solutions.

Between 2012-2050 it is estimated the freight sector will increase by 350-550% creating a disproportionate environmental impact in emerging markets. In Asia alone, only 9% of vehicles are trucks, but these contribute to 54% of transport CO₂ emissions. In 2013 SF co-founded **Smart Freight Centre (SFC)** as a global intermediary in the freight sector to reduce CO₂ emissions and improve fuel efficiency in emerging markets.

<i>Objectives</i>	<i>Activities undertaken</i>	<i>Achievements</i>	<i>Future plans</i>
Expand EMBARQ’s impact and find more cost efficient ways to catalyse sustainable mobility in cities.	SF provided strategic input into EMBARQ’s new cities and transport programme, and provided them with access to networks to support their work in China.	To date EMBARQ has served 5.8 billion passengers and saved over 4.2 million tonnes of CO ₂ emissions. In 2015, they signed new MOUs with two of China’s National Transit Metropolis Cities and developed strategic partnerships with the World Bank, C40 and Bloomberg Philanthropies.	Grow EMBARQ’s global impact by expanding their model to advise cities in Africa, and develop an innovation programme to incubate mobility enterprises that can impact low-income groups in Mexico and India.
Support Smart Freight Centre’s (SFC) mission to build a single freight emissions measurement framework, and increase adoption of fuel efficient technologies to reduce freight emissions at scale.	During 2015, SF and EMBARQ also identified affordability constraints of EMBARQ’s model for some of the world’s poorest cities, pointing to the need for a lower-cost, lighter touch offering.	SFC received industry endorsement for their proposed framework on how to measure emissions in the freight sector. In 2015, they successfully launched a pilot programme in China to help drive adoption of fuel-efficient technologies, and developed a partnership with Beijing Municipality to create a green freight strategy.	Achieve global adoption of the SFC’s accredited framework to calculate and measure emissions in the freight sector, and increase adoption of fuel efficient technologies in China.
Establish commercial viability of Lightning Hybrid’s fuel saving technology to reduce harmful emissions and air pollutants generated from buses and trucks in emerging markets.	SF worked with SFC to develop and execute their China strategy, and also helped them secure additional funding to support their growth plans. SF connected Lightning Hybrids to key decision makers in Brazil and India that helped them secure pilots to test their technology and consumer demand.	Lightning Hybrids completed a pilot with the Bangalore municipality, and initiated two more pilots in Turkey and Mexico.	To complete the technical and data review from the pilots and assess next steps for Lightning Hybrids.

Resources expended:	2015 \$000	2014 \$000
Grants	2,452	889
Direct costs	254	269
Support costs	452	90
Total	3,158	1,248

Shell Foundation

Report of the trustees (continued) for the year ended 31 December 2015

Sustainable Job Creation

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

Shell Foundation's Sustainable **Job Creation** programme focuses on supporting under-served SMEs in developing countries to drive job creation and economic growth. Shell Foundation has a long-term strategic partnership with GroFin – a specialist financier and developer that assists start-up and early stage growth SMEs through the integrated provision of business development assistance and appropriate finance. Together, Shell Foundation and GroFin are promoting a new asset class called 'Growth Finance' as a self-financing driver of inclusive growth.

<i>Objectives</i>	<i>Activities undertaken</i>	<i>Achievements</i>	<i>Future plans</i>
Together with GroFin, attract funding into a new long-term SME fund to support job creation in Africa.	SF provided first-loss capital into GroFin's Small and Growing Business Fund (SGB) - a tiered capital structure that helps meet a wider range of investors risk/return expectations supporting the SME sector.	GroFin now provides finance and business support to SMEs across 14 countries in Africa and the Middle East. To date, they have invested US\$235m into nearly 508 businesses, and as a result created and maintained over 20,000 jobs.	SF will continue to provide governance and capacity-building support to maintain GroFin's growth, demonstrate a globally scalable model for SME growth, and spur investment into SME funds.
Provide governance and advisory support to continue successful scale up of Middle East SME fund (called Nomou).	SF played an active role in supporting the launch of the SGB fund in Uganda and the Nomou fund in Egypt.	With support from SF, GroFin's SGB Fund has attracted US\$100m and the Nomou Egypt Fund secured US\$50m, which included investment from the UK Department for International Development (DFID), and German development bank (KfW).	Support expansion of GroFin's model into more African countries and explore opportunities to support the SME sector in Latin America.
	SF gained experience on the challenging market conditions for SME funds. The low risk-high return threshold of most investors has demonstrated a need to develop tiered financial vehicles using first-loss grant capital to attract much needed capital into the sector.		Provide ongoing support to help the SGB Fund achieve its target to support over 9,800 under-served entrepreneurs and help create 47,000 sustainable jobs across Africa over the next 10 years.

Resources expended:	2015 \$000	2014 \$000
Grants	-	16,270
Direct costs	156	325
Support costs	35	1,293
Total	191	17,888

The lower resources allocated to Job Creation in 2015 reflects a switch by the Foundation to more targeted support focused on continued innovation of the GroFin business model, but with continued (non-grant) programme related investments in GroFin SME funds (not shown above). This evolution in the nature of support is typical of SF's approach to more established partners.

Shell Foundation

Report of the trustees (continued) for the year ended 31 December 2015

Incubator

The **Incubator** programme aims to test a diverse range of innovative projects to identify which, if any, offer the potential to be both sustainable and scalable solutions that will increase access to energy and improve sustainable mobility in emerging countries. We highlight below information on key activities supported through the programme.

<i>Objectives</i>	<i>Activities undertaken</i>	<i>Achievements</i>	<i>Future plans</i>
Maintain a limited portfolio of incubator projects that add value to existing programmes or present solution-orientated approaches to issues consistent with SF's mission.	SF has been seeking to test the concept of a scalable 'rural utility model' to better serve the energy needs of low-income communities. However, through working with a number of businesses SF has also learnt a key barrier to scaling these organisations is access to project finance, and plans to scope new ways to address this issue in 2016.	In 2015, SF partnered with Absolute Energy to pilot the model of two solar powered rural utilities in Uganda.	Following the results of these pilots, SF will use the learnings to inform the access to energy and sustainable mobility strategy.
Additional funds were assigned to the incubator programme in 2015 (versus 2014) to strengthen the pipeline of future strategic partners.	SF identified the need to develop low-cost off-grid cold storage solutions to reduce harvest losses encountered by small holder farmers.	SF developed a partnership with Inficold and SureChill to develop affordable agricultural cold storage technology solutions without relying on grid power for farmers and SMEs.	Maintain support to current pilot partners, identify innovative businesses, and develop long-term partnerships to scale a handful of new solutions.
	SF has been exploring innovative enterprise based solutions to improve access to affordable and safer transport for low-income consumers	SF partnered with two early stage businesses; SafeBoda – which is trying to improve the quality of service and safety of the motorbike sector, and Tugende with a 'lease to own motorbike model' that aims to improve drivers' income.	Continue developing an active pipeline of portfolio incubator projects.
	SF has been exploring opportunities to develop new credit assessment tools that can unlock capital for Energy SMEs and low- income consumers.	In 2015, SF developed a partnership with Lendable, and LendEnable to test two credit assessment tools aimed at reducing the time it takes to secure investment into SMEs.	

Resources expended:	2015 \$000	2014 \$000
Grants	3,268	1,644
Direct costs	418	146
Support costs	526	139
Total	4,212	1,929

Report of the trustees (continued) for the year ended 31 December 2015

Key Performance Indicators

Performance Analysis

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

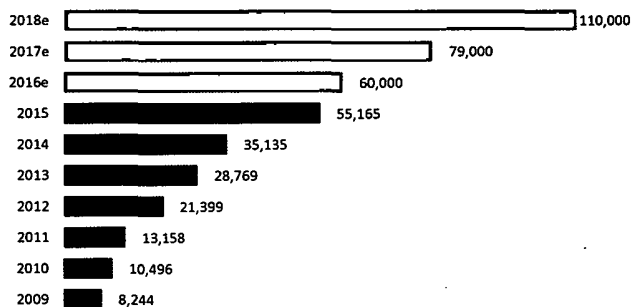
Partner Performance

From the outset we support partners to define a few key metrics specific to their own enterprise. Wherever possible, we draw upon independent monitoring and evaluation to validate reported data. Our partners track and measure a wide variety of development outcomes including:

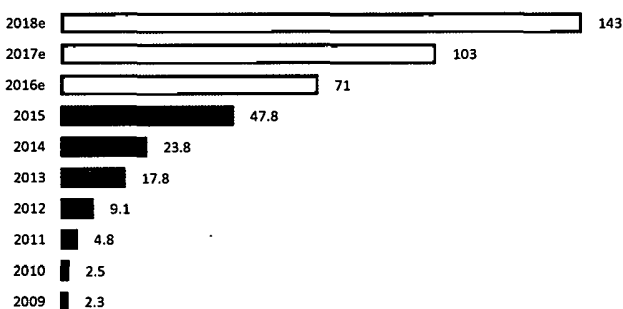
- low-income customers served, e.g. through product sales or bus ridership;
- environmental benefit, e.g. reductions in emissions or water usage;
- economic benefit, e.g. jobs created, earnings increased, money saved;
- social benefit, e.g. improved health or time saving.

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

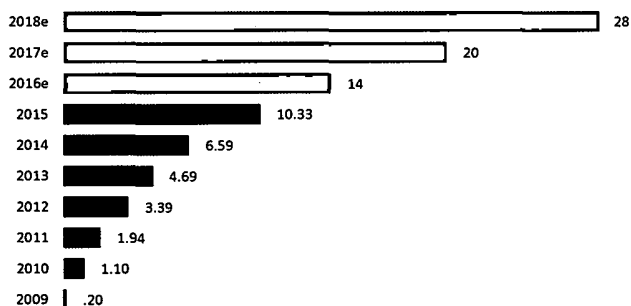
Jobs created through SME growth



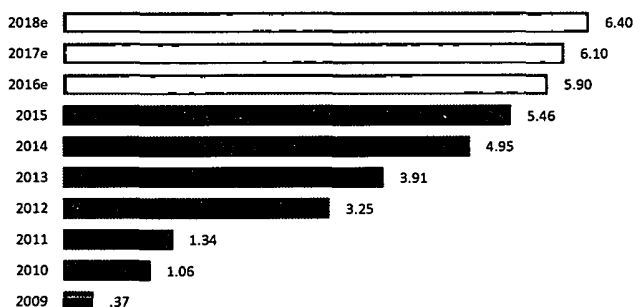
Livelihoods improved (mln)



Carbon reductions (mln tonnes)



Leverage (bln USD)



Shell Foundation

Report of the trustees (continued) for the year ended 31 December 2015

Details of all grants awarded in the year ended 31 December 2015 are listed in the table below. The balance on the grants committed but not paid as at 31 December 2015 will be payable in subsequent financial years (see notes 4, 15 and 16).

<u>Programme</u>	<u>Grantee</u>	<u>Total Funding \$000</u>
Sustainable Mobility	Stichting Smart Freight Centre	
	<i>Growth Funding</i>	1,252
	World Resources Institute	
	<i>Sustainable Mobility Programme</i>	1,100
	World Resources Institute	
	<i>Additional Funding</i>	100
		<hr/> 2,452
Access to Energy	Redavia GmbH	
	<i>Rental Solar Farms</i>	1,094
	BIX Fund Management BV	
	<i>Operational Support</i>	236
	Sparkmeter Inc	
	<i>Low Cost Smart Meters</i>	1,200
	SparkMeter Inc	
	<i>Low Cost Smart Meters in Colombia</i>	177
	Global Off-Grid Lighting Association	
	<i>Building Core Capacity</i>	138
	Global Off-Grid Lighting Association	
	<i>Contribution to Core Funding</i>	300
	Social Finance	
	<i>Impact Monetisation</i>	280
	Gajam Group Limited	
	<i>Scaling Up</i>	2,200
	Husk Power Systems	
	<i>Turnaround/Rebrand</i>	750
	Sangam Ventures LLC	
	<i>Establishment of Sangam</i>	1,080
	First Light Ventures	
	<i>Termination</i>	(380)
	Equota Energy Corporation	
	<i>Pilot Pricing and B2B Model</i>	300
	Logistimo India Private Limited	
	<i>Rural Freight Transportation</i>	665
	Orb Energy	
	<i>Finance for SME Solar Instalations</i>	175
		<hr/> 8,215

Shell Foundation

Report of the trustees (continued) for the year ended 31 December 2015

<u>Programme</u>	<u>Grantee</u>	<u>Total Funding \$000</u>
Incubator	The Nature Conservancy	
	<i>Land Restoration</i>	150
	Tech for Trade	
	<i>3D Printing for Development</i>	125
	Grofin Managers	
	<i>Franchise Model</i>	65
	Intellect Advisory Services	
	<i>Replication in East Africa</i>	1,000
	Lendable	
	<i>Credit assessment</i>	300
	Crossboundary Energy	
	<i>Finance for Solar in Africa</i>	250
	Impact Investment Partners LLP	
	<i>Piloting LendEnable Credit Assessment Mode</i>	250
	SafeBoda (reg. Guinness Transport)	
	<i>Creating a Mobile App</i>	100
	Absolute Energy Capital	
	<i>Rural Utility</i>	300
	Enterprise Projects Ventures Limited	
	<i>Asset Financing</i>	10
	Inficold Inc.	
	<i>Off-Grid Cold Storage</i>	200
	The Sure Chill Company Ltd	
	<i>Off-Grid Cold Storage</i>	300
	Tugende Limited	
	<i>Rent to own Boda Bodas</i>	218
		3,268
Total grants awarded in 2015		13,935

Note: Negative amounts represent a reduction, usually due to the project being completed for less than the grant total originally awarded, or reversal of a previous commitment due to the termination of a grant by mutual agreement.

Shell Foundation

Report of the trustees (continued) for the year ended 31 December 2015

Financial Review

Financial Activities

The Statement of Financial Activities is included with the financial statements on page 20.

Principal Funding Sources

The Foundation's annual grant programmes are funded by distributions from its endowment fund. Shell Group made unrestricted donations of US\$6m in 2015, and agreed 'in principle' to funding beyond this in the event that the endowment does not generate sufficient income for the Foundation to achieve its objectives and maintain impact. Restricted donations totalling US\$2m were received from DFID and OFID enabling the Foundation to amplify its programme delivery.

Reserves

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

The Foundation's policy for unrestricted reserves is to maintain sufficient bank balances to meet payments due in the next three months. This level will be maintained by liquidating endowment assets as and when required. The reserve policy is reviewed at least annually. There was a sufficient level of cash at the year end to meet the minimum unrestricted reserves requirement of US\$12m.

At the year end the restricted funds were in deficit due to timing differences between recognition of income and expenditure commitments. These deficits will be reduced when income is received from donors on completion of agreed partner milestones.

Endowment Investment Policy and Performance

In 2011, following a review of the investment objectives and strategy, the trustees adopted a new investment policy, which aims to maintain the real value of both distributions and the endowment asset value. To achieve this, the endowment is invested in a diversified asset allocation of global equities, hedge funds and fixed income funds. In order to mitigate the risk associated with investing globally in multiple currencies, 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 foreign exchange contracts.

In 2015 capital markets were volatile and investment performance was marginally negative for Shell Foundation's investment portfolio. Overall, total portfolio performance came in at -1.8%. The returns of the various asset classes showed a mixed picture.

With a return of -1.8%, the Foundation's overall investment portfolio performance performed slightly better than the benchmark, which returned -2.2%. The total return on the equity portfolio was -3.3%. The equity portfolio is invested in securities in Europe, North America, the Pacific Rim and Emerging Markets. The approach is passive, wherein the indices designed by Morgan Stanley Capital International (MSCI) are replicated. Emerging Market equities were very weak, with a total return of -14.8%, partly as a result of negative currency movements. Europe and North America also showed moderately negative total returns in USD. The Pacific Rim region was the only region with a moderately positive total return.

The fixed income portfolio showed a small positive return of 0.5%, outperforming the fixed income index slightly. The portfolio is invested in sovereign securities in the global pool, as well as credit instruments in the credit pool. The Foundation also holds 25% of its fixed income portfolio in very short dated US treasury paper in order to make the overall fund less sensitive to interest rate increases in the US. The low return is a reflection of the very low interest rates in the US and in the rest of the world.

Shell Foundation

Report of the trustees (continued) for the year ended 31 December 2015

Financial Review (continued)

Endowment Investment Policy and Performance (continued)

The hedge fund portfolio returned 1.4%, outperforming its benchmark by 0.8%, mainly as a result of the strong performance of multi-strategy funds and relative value funds. The objective of the hedge fund portfolio is to avoid directional market exposures.

The Foundation also holds programme related investments, which are held to further our charitable aims and, at the same time, potentially achieve a financial return.

Plans for Future Periods

See the review of achievements and performance on pages 8 to 11 for details of future plans.

Principal Risks and Uncertainties

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

These risks include:

Staffing: retaining and attracting suitably experienced professionals that can add more-than-the-money to help our strategic partners grow to scale and deliver our charitable objectives. This risk is managed through good staff planning, competitive remuneration structure benchmarked and aligned with industry, and attracting high quality secondees from the Shell group. The Foundation has filled its critical vacancies and been successful in attracting talented individuals in recent recruitment exercises.

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

Independence and relationship with Shell: the trustees explicitly recognise their charitable responsibilities in this regard by stating formally in the Shell Foundation's Business Principles that the Foundation's activities will always be consistent with achieving its mission and cannot promote the commercial interests of the Shell Group, and that any benefit that may accrue to the Shell Group from the Foundation's activities will be incidental and outweighed by the contribution to the Foundation's charitable objectives. The Foundation operates an assurance system to identify, assess and validate this.

Financial Risk: The long-term financial independence of the Foundation depends on the performance of the endowment fund. In response to this risk, the trustees implemented new investment objectives in 2011. Volatility will remain in the value of the fund due to a relatively high equity exposure targeting long term capital growth. The Trustees also secured agreement from the member to provide additional 'top-up' unrestricted donations until at least 2016 in the event that the endowment does not generate sufficient returns to achieve the Foundation's objectives and maintain impact.

The Foundation also has programme related investments where funding has been provided by way of social investment rather than grant. The key financial risk associated with these investments is cash flow risk around the size, timing and reliability of returns. This cash flow risk is mitigated by regular monitoring of the investments and taking a prudent approach with respect to these returns in our cash flow forecasting.

Independent Auditors

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

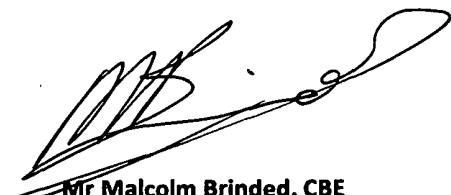
Shell Foundation

Report of the trustees (continued) for the year ended 31 December 2015

Independent Auditors (continued)

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

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



Mr Malcolm Brinded, CBE
Trustee
13 July 2016

**Report of the trustees (continued)
for the year ended 31 December 2012**

Independent Auditors (continued)

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

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

Mr Malcolm Rhind, CBE
Trustee
July 2013

Independent auditors' report to the members of Shell Foundation

Report on the financial statements

Our opinion

In our opinion, Shell Foundation's group financial statements and parent charitable company financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the parent charitable company's affairs as at 31 December 2015 and of the group's incoming resources and application of resources, including its income and expenditure and of the group's and parent charitable company's cash flows 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.
-

What we have audited

The financial statements, included within the Report of the Trustees and Financial Statements (the "Annual Report"), comprise:

- the consolidated balance sheet as at 31 December 2015;
- the consolidated statement of financial activities and consolidated income and expenditure account for the year then ended;
- the cash flow statement and consolidated cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the trustees have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Trustees, including the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Trustees' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of trustees' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the charity's members and trustees as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

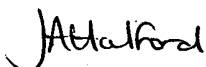
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the group's and the parent charitable company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the trustees; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the trustees' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Jill Halford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

[Date] 13 July 2016

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

Shell Foundation

Consolidated statement of financial activities for the year ended 31 December 2015

Company Registered Number: 4007273

		Unrestricted Funds 2015 \$000	Restricted Funds 2015 \$000	Endowment Funds 2015 \$000	Total Funds 2015 \$000
	Note				
Income and endowments from					
- Donations	2	6,000	1,978	-	7,978
- Conversion of convertible grant	2	1,532	-	-	1,532
- Donated services	2	605	-	-	605
- Investments	3	-	-	7,555	7,555
Total Incoming Resources		8,137	1,978	7,555	17,670
Expenditure on					
Raising funds					
Investment management costs		-	-	(387)	(387)
Total Cost of Raising Funds		-	-	(387)	(387)
Charitable Activities					
- Access to Energy		(9,608)	(1,277)	-	(10,885)
- Sustainable Mobility		(3,158)	-	-	(3,158)
- Sustainable Job Creation		(182)	(9)	-	(191)
- Incubator		(3,674)	(538)	-	(4,212)
- Policy and Advocacy		(159)	-	-	(159)
- Other		-	-	-	-
Total Charitable Activities	5	(16,781)	(1,824)	-	(18,605)
Total Resources Expended		(16,781)	(1,824)	(387)	(18,992)
Net income/(expenditure) before transfers		(8,644)	154	7,168	(1,322)
Transfers between funds		21,513	-	(21,513)	-
Net (outgoing)/incoming resources before other recognised gains and losses		12,869	154	(14,345)	(1,322)
Net gains/(losses) on investments					
Realised gains on the revaluation and disposal of investment assets		-	-	9,614	9,614
Unrealised gains on the revaluation and disposal of investment assets		-	-	(24,926)	(24,926)
Net Movement in Funds		12,869	154	(29,657)	(16,634)
Restated fund balances brought forward at 1 January		16,598	(5,390)	472,495	483,703
Fund balances carried forward at 31 December		29,467	(5,236)	442,838	467,069

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 2015 was US\$16,634k loss. 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.

Shell Foundation

Consolidated statement of financial activities for the year ended 31 December 2014

		Unrestricted Funds 2014 \$000	Restricted Funds 2014 \$000	Endowment Funds 2014 \$000	Restated Total Funds 2014 \$000
	Note				
Income and endowments from					
- Donations	2	6,000	18,851	-	24,851
- Conversion of convertible grant	2	-	-	-	-
- Donated services	2	-	-	-	-
- Investments	3	-	-	6,269	6,269
Total Incoming Resources		6,000	18,851	6,269	31,120
Expenditure on					
Raising funds					
Investment management costs		-	-	(331)	(331)
Total Cost of Raising Funds		-	-	(331)	(331)
Charitable Activities					
- Access to Energy		(10,279)	(2,250)	-	(12,529)
- Sustainable Mobility		(1,248)	-	-	(1,248)
- Sustainable Job Creation		(4,118)	(13,770)	-	(17,888)
- Incubator		(1,929)	-	-	(1,929)
- Policy and Advocacy		(676)	-	-	(676)
- Other		(473)	-	-	(473)
Total Charitable Activities	5	(18,723)	(16,020)	-	(34,743)
Total Resources Expended		(18,723)	(16,020)	(331)	(35,074)
Net income/(expenditure) before transfers		(12,723)	2,831	5,938	(3,954)
Transfers between funds		16,669	-	(16,669)	-
Net (outgoing)/incoming resources before other recognised gains and losses		3,946	2,831	(10,731)	(3,954)
Net gains/(losses) on investments					
Realised gains on the revaluation and disposal of investment assets		-	-	16,231	16,231
Unrealised gains on the revaluation and disposal of investment assets		-	-	(5,883)	(5,883)
Net Movement in Funds		3,946	2,831	(383)	6,394
Restated fund balances brought forward at 1 January		12,652	(8,221)	478,878	477,309
Fund balances carried forward at 31 December		16,598	(5,390)	472,495	483,703

Shell Foundation

Consolidated income and expenditure account for the year ended 31 December 2015

	2015 \$000	2014 \$000
Income	10,115	24,851
Gains/(losses) on investments	(15,312)	10,348
Interest and investment income	7,555	6,269
Gross income in the reporting period	2,358	41,468
Expenditure	(18,992)	(35,074)
Total expenditure	(18,992)	(35,074)
Net (deficit) of income over expenditure for the year	(16,634)	6,394

Consolidated balance sheet as at 31 December 2015

	Note	Group 2015 \$000	Restated Group 2014 \$000	Foundation 2015 \$000	Restated Foundation 2014 \$000
Fixed Assets					
Endowment	10	442,866	472,523	442,866	472,523
Programme related investments	11	20,938	10,024	20,938	10,024
Subsidiary undertakings	12	-	-	3,991	-
Total Fixed Assets		463,804	482,547	467,795	482,547
Current Assets					
Debtors	13	7,493	12,370	7,493	12,370
Cash at bank and in hand	14	18,031	15,305	14,031	15,305
Programme related investments	11	3,317	1,402	3,317	1,402
Total Current Assets		28,841	29,077	24,841	29,077
Creditors: amounts falling due within one year	15	(20,827)	(20,829)	(20,818)	(20,829)
Net Current Assets	18	8,014	8,248	4,023	8,248
Total Assets less Current Liabilities		471,818	490,795	471,818	490,795
Creditors: amounts falling due after more than one year	16	(4,749)	(7,092)	(4,749)	(7,092)
Net Assets		467,069	483,703	467,069	483,703
The funds of the Foundation:					
Endowment Funds	17	385,833	400,181	385,833	400,181
Fair value revaluation reserve	17	57,005	72,315	57,005	72,315
Restricted income Funds	17	(5,236)	(5,391)	(5,236)	(5,391)
Unrestricted income Funds	17	29,467	16,598	29,467	16,598
Total Foundation Funds		467,069	483,703	467,069	483,703

The accompanying notes form part of these financial statements.

The financial statements on pages 18 to 42 were approved by the trustees and signed on their behalf by:


Mr Malcolm Brinded, CBE
Trustee

13 July 2016

Trustee
Mr. Malcolm Brinded, CBE

The financial statements on pages 18 to 45 were approved by the trustees and signed on their behalf by:
The accompanying notes form part of these financial statements.

Total Foundation Funds		2012	2011	2010	2009
Unrestricted income funds	11	58,483	18,288	58,483	18,288
Restricted income funds	12	(2,538)	(2,381)	(2,538)	(2,381)
Fair value revaluation reserve	13	23,002	23,312	23,002	23,312
Endowment funds	14	382,833	400,181	382,833	400,181
The funds of the Foundation:					
Net Assets		480,788	483,103	480,788	483,103
Less:					
Creditors: amounts falling due after more than one year	15	(4,114)	(5,005)	(4,114)	(5,005)
Total Assets less Current Liabilities		476,674	478,098	476,674	478,098
Net Current Assets		476,674	478,098	476,674	478,098
Less:					
Creditors: amounts falling due within one year	16	(15,851)	(15,850)	(15,851)	(15,850)
Total Current Assets		460,823	462,248	460,823	462,248
Programme related investments	17	3,313	504,1	3,313	504,1
Cash at bank and in hand	18	180,81	202,302	180,81	202,302
Debtors	19	84,7	15,310	84,7	15,310
Current Assets		464,936	462,248	464,936	462,248
Total Fixed Assets		482,804	482,804	482,804	482,804
Subsidiary undertakings	20	-	-	188,3	-
Programme related investments	21	88,05	450,01	88,05	450,01
Endowment	22	388,544	352,574	388,544	352,574
Fixed Assets		476,674	478,098	476,674	478,098
Total Assets		943,348	950,346	943,348	950,346

as at 31 December 2012

Consolidated balance sheet

Net (deficit) of income over expenditure for the year		2012	2011
Total expenditure		(470,328)	(470,328)
Expenditure		(470,328)	(470,328)
Gross income in the reporting period		470,328	470,328
Interest and investment income		470,328	470,328
Gains/(losses) on investments		(18,312)	(18,312)
Income		452,016	452,016
Total Income		452,016	452,016

for the year ended 31 December 2012

Consolidated income and expenditure account

Shell Foundation

Cash flow statement and consolidated cash flow statement for the year ended 31 December 2015

	Note	Group 2015 \$000 \$000		Group 2014 \$000 \$000		Foundation 2015 \$000 \$000		Foundation 2014 \$000 \$000	
Net cash used in operating activities	19		(5,958)		(18,829)		(5,958)		(18,829)
Cash flow from investing activities									
Cash expended on endowment fund fees			(387)		(312)		(387)		(312)
Investment Income – unrestricted and restricted			-		-		-		-
Investment income from endowment funds			7,571		6,319		7,571		6,319
Endowment Fund	10								
Purchase of investments			(68,636)		(125,751)		(68,636)		(125,751)
Sale of investments			80,921		135,572		80,921		135,572
Income received (paid) on derivatives			(664)		5,477		(664)		5,477
Loss on foreign exchange			(990)		(24)		(990)		(24)
Decrease (Increase) in investment cash			3,698		(4,612)		3,698		(4,612)
Programme related investments	11								
Purchase of programme related investments			(14,231)		(3,047)		(14,231)		(3,047)
Sale of programme related investments			1,402		945		1,402		945
Investment in subsidiary							(4,000)		
Net cash from investing activities			8,684		14,567		4,684		14,567
Cash flow from financing activities									
Transfer out from endowment fund			(21,513)		(16,669)		(21,513)		(16,669)
Transfer in to unrestricted funds			21,513		16,669		21,513		16,669
Net cash used in financing activities			-		-		-		-
Net increase in cash and cash equivalents			2,726		(4,262)		(1,274)		(4,262)
Cash and cash equivalents at the beginning of the year			15,305		19,567		15,305		19,567
Cash and cash equivalents at the end of the year			18,031		15,305		14,031		15,305

The accompanying notes form part of these financial statements.

Shell Foundation

Notes to the financial statements for the year ended 31 December 2015

1 Summary of Significant Accounting Policies

General Information

Shell Foundation ('the Foundation') and its subsidiary, SF Investment Management Limited (together 'the Group') is an independent charity established by the Shell Group in 2000 to create and scale new solutions to global development challenges. We apply business thinking to major social and environmental issues linked to the energy sector – and seek to leverage the skills and networks of Shell where possible to deliver greater development impact. The company is a private company limited by guarantee and is incorporated in England. The address of its registered office is Shell Centre, York Road, London, SE1 7NA.

Statement of compliance

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

Basis of Preparation

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

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

Reconciliation of group funds and balances

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102, the restatement of comparative items was required.

At the date of transition, in applying the requirement to recognised liabilities arising from employee benefits, an additional liability of US\$0.4m was recognised for performance share plan costs. No other restatements were required. In accordance with the requirements of FRS 102 a reconciliation of opening balances is provided.

	31 December 2014 \$000
Fund balances as previously stated	484,073
Performance share plan expenses	(370)
Restated Foundation funds for 2014	483,703

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.

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2015

1 Accounting Policies (continued)

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 average monthly rate 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 (US\$) was GBP/US\$ 1.4828 (2014 was GBP/US\$ 1.6466).

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 US\$0.6m were received in 2015.

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

Expenditure

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

Notes to the financial statements (continued) for the year ended 31 December 2015

1 Accounting Policies (continued)

Costs of Raising Funds

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

Charitable Activities

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

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

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

Value Added Tax ('VAT')

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

Gains and Losses on Foreign Exchange

Monetary assets and liabilities denominated in currencies other than US Dollars are converted to US Dollars at the rate ruling at the balance sheet date. Items of income and expenditure in non-US Dollar currencies are converted at transaction date exchange rate where known, or otherwise at the average rate for the period. Non-US Dollar items primarily relate to UK and Netherlands operating costs, which are incurred in pounds sterling ('GBP') and Euros, as well as a small proportion of grants awarded in GBP and Euros. All realised and unrealised gains and losses on exchange are reflected in the Statement of Financial Activities.

Investments

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

Programme related investments 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 are subject to review, and any impairment is charged to the Statement of Financial Activities.

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2015

1 Accounting Policies (continued)

Financial assets

(i) Classification

The Foundation classifies its financial assets in the following categories: at fair value through SOFA; loans and receivables; and available for sale. 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. Financial assets at fair value through the SOFA. Loans and trade and other receivables are subsequently carried at amortised cost using the effective interest method, less any provision for impairment.

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

Financial Instruments

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

Notes to the financial statements (continued) for the year ended 31 December 2015

1 Accounting Policies (continued)

Financial liabilities

(i) Classification

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

1. Financial liabilities at fair value through the SOFA

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

2. Financial liabilities at amortised cost

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

(ii) Recognition and measurement

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

Investment in subsidiaries and participating undertakings

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

The Foundation had significant influence in an associate entity, Stichting Smart Freight Centre (SFC), with a 33% voting position on the Board. SFC has no equity or shares. The Shell Foundation share of net assets is EUR€60k, and therefore equity accounting has not been applied as the amount is not considered material. Further information on the activity of SFC during the year is provided in the Sustainable Mobility section of the Report of the Trustees.

Cash and cash equivalents

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

Critical accounting judgements and estimation uncertainty

Estimates and judgements are evaluated and based on historical experience and reasonable expectations of future events. Income and expenditure are recognised where it is probable that there will be an inflow or outflow of resources; restricted income is accrued to the extent that the conditions for receipt have been met, and liabilities recognised for expenditure that has been committed by the Foundation to its partners via signed letters of commitment with the partners agreeing to any terms. Programme related investments 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 are subject to impairment reviews. Provisions for share-based payments are estimated based on past practice of cash settlements.

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2015

2 Donations and other income

	2015 \$000	2014 \$000
Cash		
<i>Unrestricted</i>		
Shell Trading International Ltd	6,000	6,000
Shell International Ltd – donated services	605	-
<i>Restricted – Non-government related</i>		
Shell Trading International Ltd	-	14,000
JP Morgan	-	(230)
<i>Restricted donation – Government related</i>		
Department for International Development	1,478	3,511
OPEC Fund for International Development	500	900
Inter-American Development Bank	-	670
Conversion of grant		
<i>Unrestricted</i>		
Envirofit Inc	1,532	-
	10,115	24,851

The geographical markets donations were received from: United Kingdom US\$8m (2014: US\$23.3m), worldwide US\$0.5m (2014: US\$0.9m) and United States of America US\$1.5m (2014: US\$0.7m).

Restricted donations – Non-government related

Shell Trading International Ltd - a restricted donation to Shell Foundation in aggregate for up to US\$33m for sustainable job creation in the Middle East and North Africa (MENA) region, one of the key regional development challenges, through a focused and scalable Small and Medium-sized Entities (SME) Fund. Any proceeds are reinvested in perpetuity with no repayment to the Foundation. US\$4.7m cash was received in 2015 for donations already recognised in prior years.

Restricted donations – government related

Department for International Development –

NEADM (new applications and delivery models): The UK will provide £4.485 million (approximately US\$6.7m) to support a four year programme to develop new, innovative clean energy products and business models specifically for poor people in Africa and Asia. Donations of US\$526k were received and recognised in 2015 against this programme.

Nomou (meaning growth in Arabic): DFID grant funding of £4.45 million will contribute 50% of Nomou's operating and advisory costs in Egypt and Jordan. The Project will assist start-up and growing small and medium-sized enterprises in Egypt and Jordan through the delivery of business support services, medium-term risk capital, and support for market linkages. Donations of US\$952k were received and recognised in 2015 against this programme.

OPEC Fund for International Development – the objective of this project is to improve access to efficient cooking stoves in Sub-Saharan Africa and in Latin America. OFID has provided funding of US\$1m in total. Donations of US\$500k were received and recognised during 2015 against this programme.

Inter-American Development Bank – IADB will make available up to US\$1m to accelerate social impact enterprises in Latin America and the Caribbean through the Shell Foundation incubation/scale-up methodology. The donation will target innovative market-based solutions in energy and sustainable infrastructure for the base of the pyramid population. US\$177k cash was received in 2015 for donations of US\$670k already recognised as being probable in prior years. Further cash will be remitted on completion of certain milestones.

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2015

3	Investment income	2015	2014
		\$000	\$000
	Fixed interest securities	496	892
	Dividends	7,059	5,377
		7,555	6,269

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

4	Grants expenditure	2015	Restated 2014
		\$000	\$000
	Grants awarded brought forward	(25,717)	(24,520)
	Payments	23,150	28,323
	Grants awarded within 1 year	15,929	18,826
	Grants awarded after 1 year	573	6,907
	Grants awarded in the year	13,935	29,536

A full list of grants awarded in the year ended 31 December 2015 is included in the Trustees' Report (pages 12 to 13).

5 Charitable Activities Expenditure by Programme

	Grants	Direct costs	Support costs	2015	Restated 2014
	\$000	\$000	\$000	\$000	\$000
Access to Energy	(8,215)	(1,292)	(1,378)	(10,885)	(12,529)
Sustainable Mobility	(2,452)	(254)	(452)	(3,158)	(1,248)
Sustainable Job Creation	-	(156)	(35)	(191)	(17,888)
Incubator	(3,268)	(418)	(526)	(4,212)	(1,929)
Policy and Advocacy	-	(135)	(24)	(159)	(676)
Other	-	-	-	-	(473)
Total for 2015	(13,935)	(2,255)	(2,415)	(18,605)	
Total for 2014	(29,536)	(2,698)	(2,879)		(34,743)

Grants are listed in the Trustees' Report accompanying these Financial Statements.

Direct costs include goods and services invoiced to the Foundation together with directly attributable manpower, and are allocated to the activity they relate to. Other support costs, that cannot be directly linked to an activity, are apportioned across the programme themes on the basis of the value of grant and direct cost expenditure. The activities making up these costs are shown in note 6 below.

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2015

6 Direct and Support Costs

	Direct costs	Support costs	2015	Restated 2014
	\$000	\$000	\$000	\$000
Manpower costs	(1,639)	(1,258)	(2,897)	(4,094)
External services	(283)	(22)	(305)	(284)
Communications	(41)	(33)	(74)	(198)
Travel	(425)	(95)	(520)	(494)
Training	-	(44)	(44)	(40)
External audit fees (inclusive of VAT)	-	(79)	(79)	(54)
Legal fees	-	(5)	(5)	-
Donated overhead expenses	-	(605)	(605)	-
Trustee expenses	-	(14)	(14)	(9)
Sundry	-	(116)	(116)	(143)
Exchange gain/loss	133	(144)	(11)	109
Total	(2,255)	(2,415)	(4,670)	(5,207)

External service costs are those paid directly to a third party supplier for services (including professional fees and consultancy) rather than being paid via a grantee intermediary. Direct costs for external services shows costs at the project level, support costs are Foundation-wide. Within external services for 2015, there were no payables made to Shell Group companies on normal business terms (2014: US\$94,493).

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

7 Trustee Information

No trustee received any remuneration from the Foundation during the year. The Foundation directly incurred or reimbursed travel expenses in relation to three trustees totalling US\$13,852 (2014: US\$8,523 in relation to two trustees).

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

8 Employee Information

As an independent charity, Shell Foundation benefits in a number of ways from leveraging its links to Shell Group to achieve its mission and objectives. One example of this is with respect to staffing. The Foundation has no direct employees. Instead, employees of Shell Group companies are dedicated to work full-time for the Foundation in sole pursuit of its charitable objectives. Their remuneration is based on The Shell Group Global Pay Policy and their performance is assessed against pre-determined personal targets concerning their work for the Foundation as well as their wider contribution to meeting the Foundation's overall charitable mission. The monthly average staff employed by Shell Group companies to work for the Foundation during the year was 13.9 (2014: 13.6). The monthly average split of employees between direct and support activities was direct 6.1 (2014: 5.9) and support 7.8 (2014: 7.7).

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

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2015

8 Employee Information (continued)

	2015 \$000	2014 \$000
Wages and salaries	(1,968)	(2,181)
Social security	(304)	(423)
Other pension costs	(193)	(214)
Performance Share Plan (PSP)	(185)	(185)
	(2,650)	(3,003)

Share-based compensation plans

The principal share-based employee compensation plan applied under The Shell Group Global Pay Policy to Shell Foundation staff is the PSP. Awards of Royal Dutch Shell plc shares under the PSP are granted to eligible Foundation employees based on performance. The actual amount of shares that may vest ranges from 0% to 200% of the awards, depending on the outcomes of prescribed performance conditions over a three-year period beginning on 1st January of the award year. Shares vest for nil consideration. The cash value of the awards is charged to The Foundation on vesting. The Foundation has estimated and recognised a liability of \$370,700 at the year-end for PSPs granted between 2013 and 2015 that vest in future years.

The salary and taxes paid by Shell Group companies in relation to key management personnel, consisting of the Director, Chief Financial Officer and 2 Deputy Directors, are as follows:

	2015 \$000	2014 \$000
Wages and salaries	(1,000)	(770)
Social security	(141)	(167)
Other pension costs	(111)	(93)
Vesting performance share plan options	(185)	(185)
	(1,437)	(1,215)

The number of Shell Group employees working on Foundation activities whose emoluments were above USD 90,000 is as follows.

USD \$000	2015	2014
90 – 105	1	2
105 – 120	-	1
120 – 135	-	1
135 – 150	2	2
150 – 165	1	-
165 – 180	2	1
195 – 210	1	1
225 – 240	1	-
255 – 270	-	1
285 – 300	-	1
300 – 315	1	-
360 – 375	-	1
	9	11

Shell Group companies made contributions during the year to a defined benefit pension scheme of US\$234k in relation to these 9 employees (2014: US\$389k in relation to eleven employees).

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2015

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

	2015 \$000	2014 \$000
Market value at 1 January	472,523	472,906
Purchase of investments	68,636	131,132
Sales/withdrawals	(80,921)	(152,571)
Realised gains	11,268	17,123
Unrealised (losses)/gains	(24,942)	(5,883)
Movement of investment cash	(3,698)	9,816
Market value at 31 December	442,866	472,523

The year end value is analysed as:	2015 \$000	2014 \$000
Fixed income investments – UK	8,431	10,105
Fixed income investments – overseas	103,131	126,988
Equity investments – UK	23,697	25,275
Equity investments – overseas	255,308	252,438
Hedge funds – overseas	47,079	46,364
Forward foreign currency contracts	1,195	3,719
Other assets	696	606
Investment cash	3,302	7,000
Cash invested in institutional cash funds	27	28
Market value at 31 December	442,866	472,523

Cash invested in institutional cash funds represents cash invested in Fidelity Institutional Cash Fund plc. The trustees believe that the carrying value of the investments is supported by their underlying net assets.

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

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 just under 22% of bonds and 0% of hedge fund investments were non-US Dollar.

The investment portfolio included a single US bond with the value of US\$28.1m (6.1% of the total investment portfolio). No other individual asset within the investment portfolio had a value greater than 5% of the investment portfolio.

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2015

11 Programme related investments

	Group 2015 \$000	Group 2014 \$000	Foundation 2015 \$000	Foundation 2014 \$000
Current				
Envirofit Inc shareholding				
Envirofit is a social enterprise designing, producing, and selling efficient, durable and affordable cookstoves that create environmental, health, and social impacts for homes and institutions in developing nations. Shell Foundation holds 22.1% of the outstanding shares of Envirofit International Inc as at year end, however these are expected to be diluted in the first half of 2016 by a \$3 million FMO investment in Envirofit and concurrent redemption of \$1 million Shell Foundation shareholding.				
Fair value brought forward at 1 January	-	-	-	-
Purchases	1,000	-	1,000	-
Sales	-	-	-	-
GroFin Africa Fund				
Start-up and growing businesses with investment needs from US\$ 50,000 to US\$ 1.5 million. Locations: Nigeria, Ghana, Rwanda, Tanzania, Uganda, Kenya, South Africa, Zambia. Investors: AFDB, EIB, Shell Foundation FMO, CDC, Norfund, FISEA, IFC, GroFin. Total fund size \$170 million.				
Cost less impairment brought forward at 1 January	1,402	945	1,402	945
Movement from non current to current	2,317	1,402	2,317	1,402
Purchases	-	-	-	-
Sales	(1,402)	(945)	(1,402)	(945)
Total Current Programme Related Investments	3,317	1,402	3,317	1,402

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2015

11 Programme related investments (continued)

	Group 2015 \$000	Group 2014 \$000	Foundation 2015 \$000	Foundation 2014 \$000
Non Current				
Envirofit Inc shareholding				
Envirofit is a social enterprise designing, producing, and selling efficient, durable and affordable cookstoves that create environmental, health, and social impacts for homes and institutions in developing nations. Shell Foundation holds 22.1% of the outstanding shares of Envirofit International Inc as at year end, however these are expected to be diluted in the first half of 2016 by a \$3 million FMO investment in Envirofit and concurrent redemption of \$1 million Shell Foundation shareholding.				
Fair value brought forward at 1 January	-	-	-	-
Purchases	4,531	-	4,531	-
Sales	-	-	-	-
GroFin Africa Fund				
Start-up and growing businesses with investment needs from US\$ 50,000 to US\$ 1.5 million. Locations: Nigeria, Ghana, Rwanda, Tanzania, Uganda, Kenya, South Africa, Zambia. Investors: AFDB, EIB, Shell Foundation FMO, CDC, Norfund, FISEA, IFC, GroFin. Total fund size \$170 million.				
Cost less impairment brought forward at 1 January	10,024	8,379	10,024	8,379
Movement from non current to current	(2,317)	(1,402)	(2,317)	(1,402)
Purchases	-	3,047	-	3,047
Sales	-	-	-	-
GroFin Small Growing Businesses Fund				
A unique integrated solution of patient risk capital (US\$ 100 000 - US\$ 1.5 million) and end-to-end business support to start-up and growing businesses. Locations: Nigeria, Ghana, Zambia, Egypt, South Africa, Kenya, Tanzania, Rwanda, Uganda. Investors: Shell Foundation, KfW Development Bank, GroFin, the Dutch Good Growth Fund (DGGF), Norfund, Scholl Foundation, Calvert. Total fund size \$150 million.				
Cost less impairment forward at 1 January	-	-	-	-
Purchases	4,800	-	4,800	-
Sales	-	-	-	-
responsAbility Energy Access Fund				
The fund is dedicated to providing debt financing to fast-growing companies which promote access to decentralized modern energy solutions, primarily in Africa and Asia. Investors: Shell Foundation, a founding partner, is also a co-investor along with anchor investor IFC and other private investors including Skopos Impact Fund and The Adolf H. Lundin Charitable Foundation. Total fund size \$30 million.				
Cost less impairment brought forward at 1 January	-	-	-	-
Purchases	2,000	-	2,000	-
Sales	-	-	-	-
Lightning Hybrids Inc loan receivable				
Lightning Hybrids provide hydraulic hybrid regenerative braking drive systems for fleet vehicles such as buses and delivery trucks that generates better fuel economy, increased power, and reduced harmful emissions. The loan is repayable on or before 31 st January 2025.				
Cost less impairment brought forward at 1 January	-	-	-	-
Purchases	1,500	-	1,500	-
Sales	-	-	-	-
Redavia loan receivable				
Redavia provide turn-key re-deployable solar farms that reduce reliance on diesel generators and provide low-cost energy, with flexible rental agreements. The loan is repayable in full by 2027.				
Cost less impairment brought forward at 1 January	-	-	-	-
Purchases	400	-	400	-
Sales	-	-	-	-
Total Non Current Programme Related Investments	20,938	10,024	20,938	10,481
Cost carried forward as at 31 December 2015	24,255	11,426	24,255	11,426

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2015

12 Subsidiary and related undertakings

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

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

	Group 2015 \$000	Group 2014 \$000	Foundation 2015 \$000	Foundation 2014 \$000
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SF Investment Management Limited shareholding

Commitment to invest with GroFin NOUMOU Iraq Fund: A unique integrated solution of patient risk capital (US\$ 100 000 - US\$ 2 million) and end-to-end business support to start-up and growing businesses in Basra, Iraq. Investors: Shell Foundation and USAID. Total fund size \$33 million.

Cost less impairment brought forward at 1 January	-	-	-	-
Purchases	-	-	4,000	-
Impairment	-	-	(9)	-

Cost carried forward as at 31 December 2015	-	-	3,991	-
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13 Debtors

	Note	Group 2015 \$000	Group 2014 \$000	Foundation 2015 \$000	Foundation 2014 \$000
Current debtors					
<i>Restricted donations non-government related</i>					
Shell Trading International Ltd		7,000	11,700	7,000	11,700
<i>Restricted donations government related</i>					
Inter-American Development Bank	2	493	670	493	670
Total current debtors		7,493	12,370	7,493	12,370

14 Cash at bank and on hand

	Group 2015 \$000	Group 2014 \$000	Foundation 2015 \$000	Foundation 2014 \$000
Cash at Bank	18,031	15,305	14,031	15,305
Total cash at bank and on hand	18,031	15,305	14,031	15,305

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.

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2015

15 Creditors: amounts falling due within one year

	Group 2015 \$000	Restated Group 2014 \$000	Foundation 2015 \$000	Restated Foundation 2014 \$000
Grants Payable	15,929	18,810	15,929	18,810
Trade Creditors – Shell International Limited	592	230	592	230
Accruals	4,306	1,789	4,297	1,789
	20,827	20,829	20,818	20,829

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

16 Creditors: amounts falling due after more than one year

	Group 2015 \$000	Restated Group 2014 \$000	Foundation 2015 \$000	Restated Foundation 2014 \$000
Total grants payable	16,502	25,717	16,502	25,717
Less amounts falling due within one year (note 15)	(15,929)	(18,810)	(15,929)	(18,810)
Grants payable falling due after more than one year	573	6,907	573	6,907
Accrual for employee benefit	185	185	185	185
Payable to USAID for Nomou Iraq project	3,991	-	3,991	-
Total payables falling due after more than one year	4,749	7,092	4,749	7,092
Represented by:				
Grants payable in greater than one year but less than two years	573	6,907	573	6,907
Accrual for employee benefit	185	185	185	185
USAID payable in greater than five years	3,991	-	3,991	-
	4,749	7,092	4,749	7,092

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2015

17 Funds

Group	Restated Balance Bfwd \$000	Incoming Resources \$000	Resources Expended \$000	Transfers \$000	Investment Gain/(losses) \$000	Balance Cfwd \$000
Endowment Funds	472,495	7,555	(387)	(21,513)	(15,312)	442,838
Unrestricted Funds	16,598	8,137	(16,781)	21,513	-	29,467
Restricted Funds	(5,390)	1,978	(1,824)	-	-	(5,236)
	483,703	17,670	(18,992)	-	(15,312)	467,069

Foundation	Restated Balance Bfwd \$000	Incoming Resources \$000	Resources Expended \$000	Transfers \$000	Investment Gain/(losses) \$000	Balance Cfwd \$000
Endowment Funds	472,495	7,555	(387)	(21,513)	(15,312)	442,838
Unrestricted Funds	16,598	8,137	(16,781)	21,513	-	29,467
Restricted Funds	(5,390)	1,978	(1,824)	-	-	(5,236)
	483,703	17,670	(18,992)	-	(15,312)	467,069

At the year end the restricted funds were in deficit due to timing differences between recognition of income and expenditure commitments. Transfers were made between the expendable endowment and unrestricted funds during the year to fund the Foundation's annual activities.

18 Analysis of net assets between funds

Group		Unrestricted Funds 2015 \$000	Restricted Funds 2015 \$000	Endowment Funds 2015 \$000	Total 2015 \$000	Total 2014 \$000
	Note					
Fixed Assets						
Investments (at fair value)	10	28	-	442,838	442,866	472,523
Programme related investments (at costs less impairment)	11	20,938	-	-	20,938	10,024
		20,966	-	442,838	463,804	482,547
Current Assets						
Debtors	13	-	7,493	-	7,493	12,370
Cash at bank and on hand	14	16,659	1,372	-	18,031	15,305
Programme Related investments (at cost less impairment)	11	3,317	-	-	3,317	1,402
Creditors: amounts falling due within one year	15	(11,016)	(9,811)	-	(20,827)	(20,829)
Net Current Assets		8,960	(946)	-	8,014	8,248
Total Assets less Current Liabilities		29,926	(946)	442,838	471,818	490,795
Creditors: amounts falling due after more than one year	16	(458)	(4,291)	-	(4,749)	(7,092)
Net Assets		29,468	(5,237)	442,838	467,069	483,703

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2015

18 Analysis of net assets between funds (continued)

Foundation		Unrestricted Funds 2015 \$000	Restricted Funds 2015 \$000	Endowment Funds 2015 \$000	Total 2015 \$000	Total 2014 \$000
	Note					
Fixed Assets						
Investments (at fair value)	10	28	-	442,838	442,866	472,523
Programme related investments (at cost less impairment)	11	20,938	-	-	20,938	10,024
Subsidiary undertakings	12	-	3,991	-	3,991	-
		20,966	3,991	442,838	467,795	482,547
Current Assets						
Debtors	13	-	7,493	-	7,493	12,370
Cash at bank and on hand	14	16,659	(2,628)	-	14,031	15,305
Programme Related investments (at cost less impairment)	11	3,317	-	-	3,317	1,402
Creditors: amounts falling due within one year	15	(11,016)	(9,802)	-	(20,818)	(20,829)
Net Current Assets		8,960	(4,937)	-	4,023	8,248
Total Assets less Current Liabilities		29,926	(946)	442,838	471,818	490,795
Creditors: amounts falling due after more than one year	16	(458)	(4,291)	-	(4,749)	(7,092)
Net Assets		29,468	(5,237)	442,838	467,069	483,703

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

	2015 Group \$000	2015 Foundation \$000	2014 \$000
Net movement in unrestricted and restricted funds	13,023	13,023	6,776
Add back non-cash impairment in SFIM	-	9	-
Add back transfer from endowment fund	(21,513)	(21,513)	(16,669)
Increase in net debtors – unrestricted & restricted funds	4,877	4,877	(7,070)
Decrease in net creditors – unrestricted & restricted funds	(2,345)	(2,354)	(1,866)
Net cash used in operating activities	(5,958)	(5,958)	(18,829)

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2015

20 Financial Instruments

The Group and the Foundation have the following financial instruments:

Group and Foundation			2015 \$000	2014 \$000
	Note			
Financial assets at fair value through the SOFA				
- Endowment	10	442,866	472,906	
			442,866	472,906
Financial assets that are debt instrument measured at amortised costs				
- Debtors	13	7,493	12,370	
			7,493	12,370
Financial assets that are debt instrument measured at costs less impairment				
- Programme related investment – responsAbility	11	2,000	-	
- Programme related investment – Lightning Hybrids Loan	11	1,500	-	
- Programme related investment – Redavia Loan	11	400	-	
			3,900	-
Financial assets that are equity instrument measured at cost less impairment				
- Programme related investment – Grofin Africa Fund	11	10,024	11,426	
- Programme related investment – Grofin SGB Fund	11	4,800	-	
- Programme related investment – Envirofit	11	5,531	-	
			20,355	11,426
Financial liabilities at fair value through the SOFA		-	-	-
Financial liabilities measured at amortised costs				
- Creditors and accruals	15,16	(25,576)	(27,921)	
			(25,576)	(27,921)
Other financial liabilities measured at fair value				
- Contingent consideration	24	(1,500)	(2,500)	
			(1,500)	(2,500)

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2015

20 Derivative financial instruments

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

	Contractual Notional Amount \$000	Fair value	
		Asset \$000	Liability \$000
2015			
Non-hedging instruments			
- Foreign exchange contracts	64,176	1,222	(28)
Total		1,222	(28)
Less: current portion		(1,222)	28
Non-current portion		-	-
Non-hedging instruments			
- Foreign exchange swaps	-	-	-
Total		-	-
Less: current portion		-	-
Non-current portion		-	-
2014			
Non-hedging instruments			
- Foreign exchange contracts	94,651	3,897	(178)
Total		3,897	(178)
Less: current portion		(3,897)	178
Non-current portion		-	-
Non-hedging instruments			
- Foreign exchange swaps	4,200	-	(113)
Total		-	(113)
Less: current portion		-	113
Non-current portion		-	-

21 Capital commitment

The Foundation had two capital commitments as at 31 December 2015 – Grofin SGB Fund US\$10.2m and Nomou Iraq Fund US\$4m (2014: US\$ nil).

22 Capital

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

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2015

23 Related party transactions

The sole member of the Foundation is The Shell Petroleum Company Limited (SPCo). The ultimate parent company of SPCo is Royal Dutch Shell plc. The Foundation's investment manager is Shell Asset Management Company (SAMCo), which is also a subsidiary of Royal Dutch Shell plc. During the year the Foundation made payments of US\$190,988 (2014: US\$298,367) and generated accrued investment management costs of US\$52,709 (2014: US\$32,680) on normal business terms with SAMCo.

During the year the Foundation made payments of US\$1,521,631.60 (2014: US\$7,745,804) and generated accrued costs of US\$4,482,027 on normal business terms with Shell International Limited. No further payments were made to Shell International BV (2014: US\$937,540).

Of the Foundation's current or former trustees listed on page 3, the following are or were directors or officers of certain Shell Group companies: Mr Malcolm Brinded, Mr Hugh Mitchell, Mr Andrew Brown and Mr Ben van Beurden. The Shell Group has other charitable affiliates that are not formally related to the Foundation, such as The Shell Centenary Scholarship Fund in the UK and the Shell Oil Foundation in the USA.

Donations received included the following as disclosed in Note 2:

Entity Name	2015 \$000	2014 \$000
Shell Trading International Ltd	6,000	20,000

As part of Shell Foundation's approach as an engaged donor, Shell Foundation staff members often participate in the governance of strategic partners. None of the Shell Foundation employees who serve on the Boards of these partners receive any remuneration for these duties. Key management personnel who held a position of influence in both entities during the 2015 year were:

Sam Parker is the Director of the Foundation and a member of the advisory board of WRI Ross Centre for Sustainable Cities. During the 2015 year, the Foundation issued grants of US\$1.2 million (2014: US\$0.9 million).

Judith Pollock is a Deputy Director of the Foundation and a director of the board for Stichting Smart Freight Centre. During the 2015 year, the Foundation issued grants of US\$1.3 million (2014: nil).

Pradeep Pursnani is a Deputy Director of the Foundation and a member of the Advisory Board to Gajam Group Limited who the Foundation throughout 2015 issued grants of US\$2.2 million (2014: nil) and had liabilities of US\$1.1 million at the 2015 year-end (2014: US\$0.7 million). He is also a director of the Intellegrow board, which is part of the Intellegrow group of companies of which Intellecip Advisory Services is a part. During 2015, the Foundation issued a grant of US\$1.0 million to Intellecip Advisory Services (2014: US\$270 thousand). This Deputy Director is also a board member of BIX Fund Management BV who received grants during 2015 of US\$0.2 million from the Foundation with a balance of US\$66 thousand remaining at the year-end to be paid. He is also a member of the board of Husk Power Systems Pvt. Limited who received grants of US\$0.8 million from the Foundation during 2015 year (2014: US\$0.8 million) and a remaining balance to be paid of US\$0.2 million at the year-end (2014: US\$0.5 million). This Deputy Director was also a member of the board of directors for Factor(E) Ventures Limited who received no grants and had no remaining liabilities at the 2015 year-end (2014: grants US\$2.5 million, liabilities US\$1.8 million). This Deputy Director is also a board member of Envirofit Inc who the Foundation purchased shareholder equity of US\$5.5 million during the 2015 year (2014: US\$0.3 million grant). He is also a member of the Board of Directors for responsAbility Energy Access Fund who the Foundation had an investment of US\$2 million at the 2015 year-end (2014: nil) and grant liabilities of US\$0.35 million (2014: US\$0.7 million).

Shell Foundation

Notes to the financial statements (continued) for the year ended 31 December 2015

23 Related party transactions (continued)

Pradeep Pursnani and Amanda Burston (former finance manager of the Foundation) were during 2015 members of the Advisory Committees for Grofin Africa Fund, Grofin SGB Fund and Grofin Nomou (MENA). These entities were part of the Grofin Group. The grant payable balances outstanding the Foundation held at the year end for these parties were: Grofin Nomou (MENA) US\$8.3 million (2014: US\$16.5 million) and Grofin Managers US\$0.1 million (2014: nil). The Foundation held an investment of US\$4.8 million in Grofin SGB Fund at the 2015 year-end (2014: nil) and an investment in Grofin Africa Fund of US\$10 million at the 2015 year-end (2014: US\$11.4 million).

24 Guarantees and contingent liabilities

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

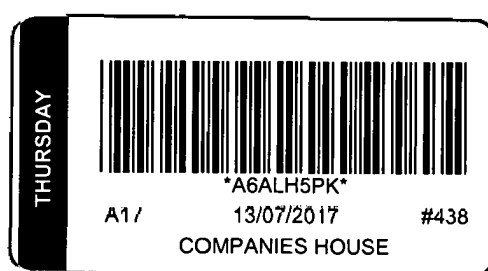
In October 2012, Shell Foundation offered a seven year financial guarantee of US\$1.5m to Calvert Social Investment Foundation Inc. to cover a US\$3.0m loan facility to Envirofit International Inc. As of December 2015, Envirofit International Inc had drawn down US\$3.0m of this loan.

25 Post balance date events

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

Report of the Trustees and Financial Statements 2016

Report of the Trustees and Financial Statements 2016
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Report of the Trustees for the year ended 2016

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 2016.

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

STATUS AND ADMINISTRATION

Shell Foundation ('the Foundation' or 'SF') is a charitable company limited by guarantee, incorporated on 31 May 2000 (company registration number 4007273) and registered with the Charity Commission as a charity on 2 June 2000 (charity registration number 1080999). Since 14 February 2008, the Foundation has had charity registration with the tax authorities in The Netherlands (as an *algemeen nut beogende instelling*, registration number 823793059). The Foundation is also registered in the United States of America under section 501(c)(4) of the Internal Revenue Code, identification number 98 0368454.

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

Structure, Governance and Management

RELATIONSHIP WITH THE SHELL GROUP

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

The Foundation was formally incorporated on 31 May 2000 and registered as a charity on 2 June 2000. Between incorporation and 31 December 2000, donations of \$259 million were received from the Shell Group, of which \$256 million was in the form of an expendable endowment and the balance as unrestricted funds.

In addition to the endowment, the Foundation has received restricted and unrestricted donations from the Shell Group totalling \$221 million to the end of 2016.

GOVERNANCE AND INTERNAL CONTROLS

Trustees are formally appointed by the sole member of the Foundation (The Shell Petroleum Company Limited).

New trustees are provided with information on trustee guidelines as prepared by the Charity Commission, and information on the Foundation as appropriate. Briefing discussions are held with the Director of the Foundation and other key staff. Trustees are requested annually to confirm any related party transactions.

The Trustees meet formally at least twice each year.

They review and approve:

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

The Board is supported in items 1-3 by an Audit and Risk Committee (ARC); and by an Investment Committee (IC) for items 4-5.

The ARC comprises two Trustees and two independent experts, who invite the Foundation Director, CFO, internal and external auditors to attend as required. They take responsibility on behalf of the SF Board of Trustees to ensure that there is a framework for accountability; for examining and reviewing all 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 Investment Committee comprises two Trustees, two independent experts, the Director and CFO, advised by an independent investment advisor (Cambridge Associates). The remit of the IC is to establish, review, recommend and report to the Board on the Investment strategy and policy for all financial investments; the selection and performance

Report of the Trustees for the year ended 2016 (continued)

of fund manager(s) including the Investment management agreement(s); and the financial performance of social investments.

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

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

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

of the Foundation and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

In so far as the Trustees are aware:

- (a) there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information.

GRANT COMMITMENTS

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

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

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

SOCIAL INVESTMENTS

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

Report of the Trustees for the year ended 2016 (continued)

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

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

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

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

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

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

Financial Review

FINANCIAL ACTIVITIES

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

PRINCIPAL FUNDING SOURCES

The Foundation's annual grant programmes are funded by distributions from its endowment fund. Shell Group made unrestricted donations of \$6 million in 2016, and agreed 'in principle' to funding beyond this in the event that the endowment does not generate sufficient income for the Foundation to achieve its objectives and maintain impact. Restricted donations totalling \$21.3 million were received from DFID, USAID and OFID enabling the Foundation to amplify its programme delivery.

RESERVES

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

The Foundation's policy for unrestricted reserves is to maintain sufficient bank balances to meet payments due in the next three months. This level will be maintained by liquidating endowment assets as and when required. The reserve policy is reviewed regularly. There was a sufficient level of cash at the year end to meet the minimum unrestricted reserves requirement of \$13 million.

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

ENDOWMENT INVESTMENT POLICY AND PERFORMANCE

In 2011, following a review of the investment objectives and strategy, the Trustees adopted an investment policy, which aims to maintain the real value of both distributions and the endowment asset value. To achieve this, the endowment is invested in a diversified fund of global equities, hedge funds and fixed income funds. In order to mitigate the risk associated with currency exposure, the investment portfolio is partially hedged back to the Foundation's functional currency of US Dollars (by the investment manager) through the use of forward contracts.

In 2016 capital markets were volatile with investment performance swinging from negative in the first quarter to an overall return of 5.8% in 2016, slightly ahead of the benchmark. The total return on the equity portfolio was 7.1%, dampened slightly by the weighting to bonds and hedge funds which returned 3%. The strongest equity performance was in the US with a 12% return, emerging markets returned 11%, Pacific Rim returned 4%, whilst Europe was slightly negative.

The fixed income portfolio showed strong performance in the actively managed credit pool of 5.8%, offset by negative returns of 1.2% from the US Treasury pool.

The hedge fund portfolio returned 3.1%, outperforming its benchmark by 1.2%, mainly as a result of the strong performance of multi-strategy funds and event driven funds. The objective of the hedge fund portfolio is to avoid directional market exposures.

The Foundation also holds programme related investments, which are held to further its charitable aims and, at the same time, potentially achieve a financial return versus pure grant giving.

Report of the Trustees for the year ended 2016 (continued)

PLANS FOR FUTURE PERIODS

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

These risks include:

Staffing: retaining and attracting suitably experienced professionals that can add more-than-the-money to help its strategic partners grow to scale and deliver its charitable objectives. This risk is managed through good staff planning, competitive remuneration structure benchmarked and aligned with industry, and attracting high quality secondees from the Shell group. The Foundation has filled its critical vacancies and been successful in attracting talented individuals in recent recruitment exercises.

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

Independence and relationship with Shell: the Trustees explicitly recognise their charitable responsibilities in this regard by stating formally in the Shell Foundation's Business Principles that the Foundation's activities will always be consistent with achieving its mission and cannot promote the commercial interests of the Shell Group, and that any benefit that may accrue to the Shell Group from the Foundation's activities will be incidental and outweighed by the contribution to the Foundation's charitable objectives. The Foundation operates an assurance system to identify, assess and validate this.

Financial Risk: The long-term financial independence of the Foundation depends on the performance of the endowment fund. In response to this risk, the Trustees implemented new investment objectives in 2011. Volatility will remain in the value of the fund due to a relatively high equity exposure targeting long term capital growth. The Trustees also secured agreement from Shell to provide additional 'top-up' unrestricted donations until

at least 2020 in the event that the endowment does not generate sufficient returns to achieve the Foundation's objectives and maintain impact.

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

Monitoring and Evaluation: A delivery risk on monitoring and evaluation is recognised as the Foundation has grown significantly over the last few years requiring renewed focus on implementing efficient and systematic ways to measure its charitable performance and research outcomes. Additional staff are being recruited and processes implemented to mitigate this risk.

Independent Auditor

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

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

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



Maxime Verhagen, Acting Chair

1 June 2017

Independent Auditor's report to the member of Shell Foundation

We have audited the financial statements of Shell Foundation for the year ended 31 December 2016 which comprise the Consolidated Statement of Financial Activities, the Consolidated Summary Income and Expenditure Account, the Balance Sheets, the Cash Flow Statements and the related notes 1 to 26. 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".

This report is made solely to the company's member, 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 company's member 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 member as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and Auditor

As explained more fully in the Trustees' Responsibilities Statement set out on page 26, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Trustees and financial

statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and company's affairs as at 31 December 2016 and of the group's 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, including FRS 102 "The Financial Reporting standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Trustees is consistent with the financial statements.
- The Strategic Report and the Report of the Trustees have been prepared in accordance with applicable legal requirements

Matters on which we are required to report by exception

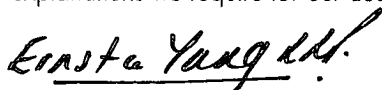
In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report and the Report of the Trustees.

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

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

- 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.



Stephen Reid (Senior Statutory Auditor)

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

7 June 2017

Notes:

1. The maintenance and integrity of the Shell Foundation's web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

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

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

Company Registered Number: 04007273

	Note	Unrestricted Funds 2016 \$000	Restricted Funds 2016 \$000	Endowment Funds 2016 \$000	Total Funds 2016 \$000
Income and endowments from					
- Donations	2	6,000	21,324	-	27,324
- Reduction of Payables	2	-	1,288	-	1,288
- Donated services	2	510	-	-	510
- Investments	3	144	6	7,808	7,958
Total Incoming Resources		6,654	22,618	7,808	37,080
Expenditure on Raising Funds					
Investment management costs		-	-	(348)	(348)
Total Cost of Raising Funds		-	-	(348)	(348)
Charitable Activities					
- Access to Energy		(8,500)	(14,900)	-	(23,400)
- Sustainable Mobility		(5,723)	-	-	(5,723)
- Sustainable Job Creation		(3,758)	1,211	-	(2,547)
- Incubator		(2,429)	-	-	(2,429)
- Policy and Advocacy		(83)	-	-	(83)
Total Charitable Activities	4	(20,493)	(13,689)	-	(34,182)
Total Resources Expended		(20,493)	(13,689)	(348)	(34,530)
Net gains/(losses) on investments					
Realised gains on the revaluation and disposal of investment assets		-	-	8,382	8,382
Unrealised gains on the revaluation and disposal of investment assets		-	-	9,132	9,132
Net income/(expenditure) before transfers		(13,839)	8,929	24,974	20,064
Transfers between funds		25,152	-	(25,152)	-
Net income/(expenditure)		11,313	8,929	(178)	20,064
Net Movement in Funds		11,313	8,929	(178)	20,064
Fund balances brought forward at 1 January		29,467	(5,236)	442,838	467,069
Fund balances carried forward at 31 December		40,780	3,693	442,660	487,133

The Foundation has elected to take the exemption under section 48 of the Companies Act 2006 not to present the Foundation statement of financial activities. The Foundation's net movement in funds in 2016 was \$20 million surplus. All incoming resources, resources expended and resulting net movements in funds were derived from continuing activities.

The accompanying notes form part of these financial statements.

Consolidated statement of financial activities for the year ended 31 December 2015 (restated)

	Note	Unrestricted Funds 2015 \$000	Restricted Funds 2015 \$000	Endowment Funds 2015 \$000	Total Funds 2015 \$000
Income and endowments from					
- Donations	2	6,000	1,978	-	7,978
- Conversion of convertible grant	2	1,532	-	-	1,532
- Donated services	2	605	-	-	605
- Investments	3	-	-	7,555	7,555
Total Incoming Resources		8,137	1,978	7,555	17,670
Expenditure on Raising funds					
Investment management costs		-	-	(387)	(387)
Total Cost of Raising Funds		-	-	(387)	(387)
Charitable Activities					
- Access to Energy		(9,608)	(1,277)	-	(10,885)
- Sustainable Mobility		(3,158)	-	-	(3,158)
- Sustainable Job Creation		(182)	(9)	-	(191)
- Incubator		(3,674)	(538)	-	(4,212)
- Policy and Advocacy		(159)	-	-	(159)
- Other		-	-	-	-
Total Charitable Activities	4	(16,781)	(1,824)	-	(18,605)
Total Resources Expended		(16,781)	(1,824)	(387)	(18,992)
Net gains/(losses) on investments					
Realised gains on the revaluation and disposal of investment assets		-	-	9,614	9,614
Unrealised gains on the revaluation and disposal of investment assets		-	-	(24,926)	(24,926)
Net income/(expenditure) before transfers	1	(8,644)	154	(8,144)	(16,634)
Transfers between funds		21,513	-	(21,513)	-
Net income/(expenditure)		12,869	154	(29,657)	(16,634)
Net Movement in Funds		12,869	154	(29,657)	(16,634)
Fund balances brought forward at 1 January		16,598	(5,390)	472,495	483,703
Fund balances carried forward at 31 December		29,467	(5,236)	442,838	467,069

Consolidated income and expenditure account for the year ended 31 December 2016

	2016 \$000	2015 \$000
Income	29,122	10,115
Gains/(losses) on investments	17,514	(15,312)
Interest and investment income	7,958	7,555
Gross income in the reporting period	54,594	2,358
Expenditure	(34,530)	(18,992)
Total expenditure	(34,530)	(18,992)
Net surplus of income over expenditure for the year	20,064	(16,634)

Consolidated and charity balance sheets as at 31 December 2016

Company Registered Number: 04007273

	Note	Group 2016 \$000	Group 2015 \$000	Foundation 2016 \$000	Foundation 2015 \$000
Fixed Assets					
Endowment	10	442,660	442,866	442,660	442,866
Social investments	11	39,313	20,938	36,869	20,938
Subsidiary undertakings	12	-	-	2,715	3,991
Total Fixed Assets		481,973	463,804	482,244	467,795
Current Assets					
Debtors:					
amounts falling due within one year	13	10,067	7,493	10,067	7,493
amounts falling due after one year	13	2,390	-	2,390	-
		12,457	7,493	12,457	7,493
Cash at bank and in hand	14	18,820	18,031	18,522	14,031
Social Investments	11	2,849	3,317	2,849	3,317
Total Current Assets		34,126	28,841	33,828	24,841
Creditors: amounts falling due within one year	15	(24,777)	(20,827)	(24,768)	(20,818)
Net Current Assets	18	9,349	8,014	9,060	4,023
Total Assets less Current Liabilities		491,322	471,818	491,304	471,818
Creditors: amounts falling due after more than one year	16	(4,189)	(4,749)	(4,189)	(4,749)
Net Assets		487,133	467,069	487,115	467,069
The funds of the Foundation:					
Endowment Funds	17	442,660	442,838	442,660	442,838
Restricted income Funds	17	3,693	(5,236)	3,675	(5,236)
Unrestricted income Funds	17	40,780	29,467	40,780	29,467
Total Foundation Funds		487,133	467,069	487,115	467,069

The accompanying notes form part of these financial statements.

The financial statements on pages 31 to 58, authorised for issue, approved by the Trustees and signed on their behalf by:



Maxime Verhagen, Acting Chair

1 June 2017

Cash flow statement and consolidated cash flow statement for the year ended 31 December 2016

	Note	Group 2016 \$000	Group 2015 \$000	Foundation 2016 \$000	Foundation 2015 \$000
Net cash used in operating activities	19	(2,838)	(5,958)	(2,836)	(5,958)
Cash flow from investing activities					
Cash expended on endowment fund fees		(348)	(387)	(348)	(387)
Investment income from endowment funds		7,808	7,571	7,808	7,571
Endowment Fund	10				
Purchase of investments		(131,757)	(68,636)	(131,757)	(68,636)
Sale of investments		152,010	80,921	152,010	80,921
Income received (paid) on derivatives		-	(664)	-	(664)
Loss on foreign exchange		(860)	(990)	(860)	(990)
Decrease (Increase) in investment cash		(1,330)	3,698	(1,330)	3,698
Social Investments	11				
Purchase of programme related investments		(14,314)	(14,231)	(10,614)	(14,231)
Purchase of mixed motive investments		(10,000)	-	(10,000)	-
Sale of programme related investments		2,418	1,402	2,418	1,402
Investment in subsidiary		-	-	-	(4,000)
Net cash from investing activities		3,627	8,684	7,327	4,684
Cash flow from financing activities					
Transfer out from endowment fund		(25,152)	(21,513)	(25,152)	(21,513)
Transfer in to unrestricted funds		25,152	21,513	25,152	21,513
Net cash used in financing activities		-	-	-	-
Net increase in cash and cash equivalents		789	2,726	4,491	(1,274)
Cash and cash equivalents at the beginning of the year		18,031	15,305	14,031	15,305
Cash and cash equivalents at the end of the year		18,820	18,031	18,522	14,031

The accompanying notes form part of these financial statements.

Notes to the financial statements for the year ended 31 December 2016

1. Summary of Significant Accounting Policies

GENERAL INFORMATION

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

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

STATEMENT OF COMPLIANCE

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

BASIS OF PREPARATION

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

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

The Trustees have reviewed the presentation of gains and losses on investments against the requirements of the SORP and re-presented the 2015 statement of financial activities to disclose gains and losses on investments before net income / (expenditure) for the year. This was a presentational adjustment only and had the effect of increasing net expenditure for the year ended 31 December 2015 by \$15.3 million. There was no impact on the net movement in funds for the year, or on the net assets or total funds of the Foundation for the year and consequently there was no requirement to re-present the balance sheets.

BASIS OF CONSOLIDATION

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

FOREIGN CURRENCY

Functional and presentation currency

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

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

Transactions and balances

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

At each period end, foreign currency monetary items are translated using the closing exchange rate. The exchange rate used at the year end to translate Sterling (GBP £) to US Dollars (USD \$) was GBP/USD \$1.2290 (2015 was GBP/USD \$1.4828).

Notes to the financial statements (continued) for the year ended 31 December 2016

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 \$0.5 million were received in 2016 (2015: \$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

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

COSTS OF RAISING FUNDS

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

CHARITABLE ACTIVITIES

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

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

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

VALUE ADDED TAX ('VAT')

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

GAINS AND LOSSES ON FOREIGN EXCHANGE

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

Notes to the financial statements (continued) for the year ended 31 December 2016

INVESTMENTS

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

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

FINANCIAL ASSETS

(i) Classification

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

1. Financial assets at fair value through the SOFA

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

2. Loans and receivables

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

(ii) Recognition and measurement

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

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

FINANCIAL INSTRUMENTS

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

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.

Notes to the financial statements (continued) for the year ended 31 December 2016

1. Financial liabilities at fair value through the SOFA

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

2. Financial liabilities at amortised cost

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

(ii) Recognition and measurement

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

INVESTMENT IN SUBSIDIARIES AND PARTICIPATING UNDERTAKINGS

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

The Foundation had significant influence in two associate entities:

- (i) Stichting Smart Freight Centre (SFC), with a 33% voting position on the Board. SFC has no equity or shares. The Shell Foundation share of net assets is not considered material and therefore equity accounting has not been applied. Further information on the activity of SFC during the year is provided in the Sustainable Mobility section of the Report of the Trustees.
- (ii) Factor(E) PBC, with a 33% voting position on the Board. Equity accounting has not been applied as the amount is not considered material. Further information on the activity of Factor(E) PBC during the year is provided in the Access to Energy section of the Report of the Trustees.

CASH AND CASH EQUIVALENTS

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

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

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

Notes to the financial statements (continued) for the year ended 31 December 2016

2. Donations and other income

	2016 \$000	2015 \$000
Cash and accrued		
Unrestricted		
Shell Trading International Ltd	6,000	6,000
Shell International Ltd – donated services	510	605
Restricted donation – Government related		
Department for International Development	18,611	1,478
United States Agency for International Development	2,100	-
OPEC Fund for International Development	700	500
Inter-American Development Bank	(87)	-
Other Income		
Restricted donation – Government related – payable reduction		
United States Agency for International Development	1,288	-
Unrestricted – conversion of grant		
Envirofit Inc	-	1,532
	29,122	10,115

The geographical markets donations were received from: United Kingdom \$25.1 million (2015: \$8 million), worldwide \$0.7 million (2015: \$0.5 million) and United States of America \$2.1 million (2015: \$1.5 million).

Restricted donations – government related

Department for International Development (DFID)

NEADM (new applications and delivery models): The UK committed £4.5 million (approximately \$6.9 million) to support a four year programme to develop new, innovative clean energy products and business models specifically for low-income consumers in Africa and Asia. Donations of £0.5 million (\$0.6 million) were received and recognised in 2016 against this programme and a further £0.4 million (\$0.5 million) income was recognised in 2016 as being probable, based on the value of Shell Foundation commitments to partners. This programme is now fully committed and income fully recognised.

Nomou (meaning growth in Arabic): DFID have committed £4.5 million grant funding to support 50% of Nomou's operating and advisory costs in Egypt and Jordan. The Project will assist start-up and growing small and medium-sized enterprises in Egypt and Jordan, developing sustainable employment and local socio-economic impact through the delivery of business support services, medium-term risk capital, and support for market linkages. Donations of £0.9 million (\$1.3 million) were received and recognised in 2016 against this programme and a further £0.8 million (\$1.0 million) income was recognised in 2016 as being probable, based on the value of Shell Foundation commitments to partners.

DFID TIME (Transforming Inclusive Energy Markets): Through the DFID TIME partnership, DFID and Shell Foundation, in collaboration, have committed £60.0 million to further their mutual objective of accelerating global access to modern energy services for low-income households and small businesses. Donations of £6.1 million (\$8.0 million) were received and recognised in 2016 against this programme and a further £5.9 million (\$7.2 million) income was recognised in 2016 as being probable, based on the value of Shell Foundation commitments to partners.

Notes to the financial statements (continued) for the year ended 31 December 2016

OPEC Fund for International Development

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

Inter-American Development Bank (IADB)

IADB will make available up to \$1.0 million to accelerate social impact enterprises in Latin America and the Caribbean through the Shell Foundation incubation/scale-up methodology. The donation will target innovative market-based solutions in energy and sustainable infrastructure for the base of the pyramid population. \$0.4 million cash was received in 2016 for donations already recognised as being probable in prior years. Further cash will be remitted on completion of certain milestones. In 2016 there was a reduction in income recognised of \$0.1 million as there were no projects approved to use the funds.

United States Agency for International Development (USAID)

PACE - USAID have committed \$2.2 million grant funding from PACE over three years, against which Shell Foundation (SF) would contribute \$12.9 million in grant funding and ongoing business support to grantees. Three complementary acceleration models: Factor(E), Sangam and SF's in-house Incubator have a mandate to support entrepreneurs seeking to provide access to modern energy services for low-income communities in developing countries, with a focus on Africa and Asia. SF envisages that a significant aspect of USAID's additionality to SF will be its support beyond funding, including its networks and knowledge, to help build pipeline and leverage investment. Donations of \$0.2 million were received and recognised in 2016 against this programme and a further \$1.9 million income was recognised in 2016 as being probable, based on the value of Shell Foundation commitments to partners.

Other income – government related

United States Agency for International Development (USAID)

Nomou Iraq – USAID have committed a repayable donation of \$4.0 million to support job creation in Iraq. This has been invested with the GroFin Nomou Iraq Fund: A unique integrated solution of patient risk capital and end-to-end business support to start-up and growing businesses, to catalyse the SME sector as a major driver of sustainable job creation in Iraq. An impairment in this investment has been recognised during the year resulting in a subsequent reduction in the amount payable to USAID, which is recognised as income. In 2016, the reduction in payable was \$1.3 million.

Notes to the financial statements (continued) for the year ended 31 December 2016

3. Investment income

	2016 \$000	2015 \$000
Interest	150	-
Fixed interest securities	436	496
Dividends	7,372	7,059
	7,958	7,555

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

4. Charitable Activities Expenditure by Programme

	Grants \$000	Direct costs \$000	Support costs \$000	2016 \$000	2015 \$000
Access to Energy	(21,430)	(1,156)	(814)	(23,400)	(10,885)
Sustainable Mobility	(4,225)	(779)	(719)	(5,723)	(3,158)
Sustainable Job Creation	2,140	(4,218)	(469)	(2,547)	(191)
Incubator	(1,846)	(278)	(305)	(2,429)	(4,212)
Policy and Advocacy	-	(83)	-	(83)	(159)
Total for 2016	(25,361)	(6,514)	(2,307)	(34,182)	(18,605)
Total for 2015	(13,935)	(2,255)	(2,415)	(18,605)	

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

5. Direct and Support Costs

	Direct costs \$000	Support costs \$000	2016 \$000	2015 \$000
Manpower costs	(1,933)	(1,125)	(3,058)	(2,897)
External services	(124)	(29)	(153)	(305)
Communications	(70)	(289)	(359)	(74)
Travel	(362)	(121)	(483)	(520)
Training	(16)	(30)	(46)	(44)
Impairment of social investments	(3,989)	-	(3,989)	-
External audit fees (inclusive of VAT)	-	(47)	(47)	(79)
Legal fees	-	(9)	(9)	(5)
Donated overhead expenses	-	(510)	(510)	(605)
Trustee expenses	-	(21)	(21)	(14)
Sundry	-	(28)	(28)	(116)
Exchange gain/loss	(20)	(98)	(118)	(11)
Total	(6,514)	(2,307)	(8,821)	(4,670)

External service costs are those paid directly to a third party supplier for services (including professional fees and consultancy) rather than being paid via a grantee intermediary. Direct costs for external services shows costs at the project level, support costs are Foundation-wide. Within external services for 2016, there were no payables made to Shell Group companies (2015: nil).

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

Notes to the financial statements (continued) for the year ended 31 December 2016

6. Grants expenditure

The top 20 Grantees in 2016 (excluding repayable grants and social investments) are listed below, together with their corresponding 2015 commitments.

Grantee Name Purpose of Project	Programme	2016 \$'000	2015 \$'000
CrossBoundary Energy Investment for commercial and industrial solar installations in Sub-Saharan Africa	Access to Energy	2,225	250
Factor(E) Ventures PBC Growing the number of access to energy transformational solutions incubated in India and East Africa	Access to Energy	1,900	-
Redavia GmbH Scale solar farm container leasing in Africa	Access to Energy	1,771	1,094
d.light Design Affordable energy access Haiti; PAYG solar home system	Access to Energy	1,700	-
Village Industrial Power Energy for agriculture (productive use)	Access to Energy	1,600	-
Sangam Ventures LLC Developing new approaches to accelerate entrepreneurship in the energy sector in India; Driving early stage innovation in energy access in India	Access to Energy	1,600	1,080
Husk Power Systems Inc Supporting the development and extension of solar/biomass hybrid systems in India and Tanzania	Access to Energy	1,600	750
Lendable Inc End borrower credit assessment to enable receivable based financing	Access to Energy	1,500	300
M-KOPA UK Limited Catalysing the evolution of off-grid power markets	Access to Energy	1,375	0
Global Off-Grid Lighting Association Multiyear support to achieve long-term sustainability	Access to Energy	997	438
Persistent Energy Capital LLC New models to accelerate access to energy in Africa	Access to Energy; Incubator	800	-
SparkMeter Inc Accelerating energy access through low cost smart meters	Access to Energy	661	1,377
Logistimo India Private Limited Building last mile distribution solutions	Access to Energy	650	665
Buen Manejo del Campo, SA (Sistema Biobolsa) Energy through biogas as fuel	Access to Energy	600	-
Envirofit International Inc Health study on household air pollution in Honduras, development of PAYGo LPG solution for cookstoves	Access to Energy	406	-
Subtotal	Access to Energy	19,385	5,954

Notes to the financial statements (continued) for the year ended 31 December 2016

Grantee Name Purpose of Project	Programme	2016 \$'000	2015 \$'000
Brought forward subtotal for top 20 grantees from previous page		19,385	5,954
SafeBoda (reg. Guinness Transporters Ltd) Motorcycle taxi company promoting safe, affordable mobility; Expanding SafeBoda services in Uganda and into Kenya	Sustainable Mobility	1,200	100
Stichting Smart Freight Centre Smart Freight Centre Growth Funding 2016	Sustainable Mobility	1,125	1,252
World Resources Institute Implementation of sustainable transport and urban planning solutions	Sustainable Mobility	1,000	1,200
Tugende Limited Asset financing for motorcycle taxis where formal transport services are absent to provide last mile connectivity	Sustainable Mobility	900	218
Subtotal	Sustainable Mobility	4,225	2,770
Globology Enabling safe, affordable and sustainable transportation of passengers and goods in water-isolated communities in East Africa	Incubator	302	-
Subtotal	Incubator	302	-
Total Top 20 Grants		23,912	8,724
Total: Other Grants		1,449	-
Total: Grants (excl. repayable grants and social investments)		25,361	8,724

Notes to the financial statements (continued) for the year ended 31 December 2016

7. Trustee Information

No Trustee received any remuneration from the Foundation during the year. The Foundation directly incurred or reimbursed travel expenses in relation to three Trustees, notaries fees and consulting fees for Board Appraisal review totalling \$20,767 (2015: \$13,852 in relation to two Trustees).

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

8. Employee Information

As an independent charity, Shell Foundation benefits in a number of ways from leveraging its links to Shell Group to achieve its mission and objectives. One example of this is with respect to staffing. The Foundation has no direct employees. Instead, employees of Shell Group companies are dedicated to work full-time for the Foundation in sole pursuit of its charitable objectives. Their remuneration is based on The Shell Group Global Pay Policy and their performance is assessed against pre-determined personal targets concerning their work for the Foundation as well as their wider contribution to meeting the Foundation's overall charitable mission. The monthly average staff employed by Shell Group companies to work for the Foundation during the year was 17.3 (2015: 13.9). The monthly average split of employees between direct and support activities was direct 9.8 (2015: 6.1) and support 7.5 (2015: 7.8).

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

	2016 \$000	2015 \$000
Wages and salaries	(2,332)	(1,968)
Social security	(233)	(304)
Other pension costs	(258)	(193)
Performance Share Plan (PSP)	(81)	(185)
	(2,904)	(2,650)

SHARE-BASED COMPENSATION PLANS

The principal share-based employee compensation plan applied under The Shell Group Global Pay Policy to Shell Foundation staff is the PSP. Awards of Royal Dutch Shell plc shares under the PSP are granted to eligible Foundation employees based on performance. The actual amount of shares that may vest ranges from 0% to 200% of the awards, depending on the outcomes of prescribed performance conditions over a three-year period beginning on 1st January of the award year. Shares vest for nil consideration. The cash value of the awards is charged to The Foundation on vesting. The Foundation has estimated and recognised a liability of \$0.3 million at the year-end for PSPs granted between 2014 and 2016 that vest in future years.

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

	2016 \$000	2015 \$000
Wages and salaries	(1,028)	(1,000)
Social security	(113)	(141)
Other pension costs	(95)	(111)
Vesting performance share plan options	(81)	(185)
	(1,317)	(1,437)

Notes to the financial statements (continued) for the year ended 31 December 2016

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

\$000	2016	2015
80 – 90	3	-
90 – 105	2	1
105 – 120	3	-
120 – 135	-	-
135 – 150	3	2
150 – 165	-	1
165 – 180	-	2
195 – 210	1	1
225 – 240	-	1
255 – 270	-	-
270 – 285	1	-
285 – 300	1	-
300 – 315	-	1
360 – 375	1	-
	15	9

Shell Group companies made contributions during the year to a defined benefit pension scheme of \$0.2 million in relation to these 15 employees (2015: \$0.2 million in relation to nine 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

	2016 \$000	2015 \$000
Market value at 1 January	442,866	472,523
Purchase of investments	131,757	68,636
Sales/withdrawals	(152,010)	(80,921)
Realised gains	9,585	11,268
Unrealised (losses)/gains	9,132	(24,942)
Movement of investment cash	1,330	(3,698)
Market value at 31 December	442,660	442,866
The year end value is analysed as:	2016 \$000	2015 \$000
Bonds – Overseas	64,696	-
Fixed income investments – UK	3,412	8,431
Fixed income investments – overseas	31,566	103,131
Equity investments – UK	22,583	23,697
Equity investments – overseas	264,814	255,308
Hedge funds – overseas	48,580	47,079
Forward foreign currency contracts	1,335	1,195
Other assets	1,042	696
Investment cash	4,632	3,302
Cash invested in institutional cash funds	-	27
Market value at 31 December	442,660	442,866

Notes to the financial statements (continued) for the year ended 31 December 2016

During 2016, the cash invested in institutional cash funds that represented cash invested in Fidelity Institutional Cash Fund plc was transferred to Shell Foundation's current account.

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

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 just under 35% of bonds and 0% of hedge fund investments were non-US Dollar.

The investment portfolio included a single US bond with the value of \$23 million (5.2% of the total investment portfolio). No other individual asset within the investment portfolio had a value greater than 5% of the investment portfolio.

11. Social Investments

Programme Related Investments

Current	Group 2016 \$000	Group 2015 \$000	Foundation 2016 \$000	Foundation 2015 \$000
Envirofit Inc Shareholding				
Envirofit is a social enterprise designing, producing, and selling efficient, durable and affordable safe cookstoves that create environmental, health, and social impacts for homes and institutions in developing nations. Following the dilution in the first half of 2016, by a \$3 million FMO investment in Envirofit and the concurrent redemption of \$1 million Shell Foundation shareholding; Shell Foundation holds 15.5% of the outstanding shares of Envirofit International Inc as at year end.				
Fair value brought forward at 1 January	1,000	-	1,000	-
Purchases	-	1,000	-	1,000
Sales	(1,000)	-	(1,000)	-
GroFin Africa Fund (GAF)				
GAF is engaged in acting as a collective investment scheme operating mainly in east, west and southern Africa with a focus on the start-up and growth of small to medium enterprises. The Investors are: AFDB, EIB, Shell Foundation FMO, CDC, Norfund, FISEA, IFC, GroFin. Total fund size \$139 million.				
Cost less impairment brought forward at 1 January	2,317	1,402	2,317	1,402
Movement from non-current to current	1,918	2,317	1,918	2,317
Purchases	-	-	-	-
Sales	(1,402)	(1,402)	(1,402)	(1,402)
Redavia loan receivable				
Redavia provide turn-key re-deployable solar farms that reduce reliance on diesel generators and provide low-cost energy, with flexible rental agreements. The loan is repayable in full by 2027 or 4% of the original loan annually.				
Cost less impairment brought forward at 1 January	-	-	-	-
Movement from non-current to current	16	-	16	-
Sales	-	-	-	-
Total Current Programme Related Investments	2,849	3,317	2,849	3,317

Notes to the financial statements (continued) for the year ended 31 December 2016

11. Social Investments (continued)

Programme Related Investments

Non-Current	Group 2016 \$000	Group 2015 \$000	Foundation 2016 \$000	Foundation 2015 \$000
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Envirofit Inc. Shareholding

Envirofit is a social enterprise designing, producing and selling efficient, durable, affordable and safe cookstoves that create environmental, health, and social impacts for homes and institutions in developing nations. Shell Foundation holds 15.5% of the outstanding shares of Envirofit International Inc. as at year end.

Fair value brought forward at 1 January	4,532	-	4,532	-
Purchases	-	4,531	-	4,531
Sales	-	-	-	-

GroFin Africa Fund

GAF is engaged in acting as a collective investment scheme operating mainly in East, West and Southern Africa with a focus on the start-up and growth of small to medium enterprises. The Investors are: AFDB, EIB, Shell Foundation FMO, CDC, Norfund, FISEA, IFC, GroFin. Total fund size \$139 million.

Cost less impairment brought forward at 1 January	7,707	10,024	7,707	10,024
Movement from non-current to current	(1,918)	(2,317)	(1,918)	(2,317)
Purchases	-	-	-	-
Sales	-	-	-	-
Impairment	(2,734)	-	(2,734)	-

GroFin Small and Growing Businesses Fund (SGB)

The SGB fund is an impact investment fund for small and growing businesses in East, West and Southern Africa. Its objective is to deliver social and economic impact at scale as well as sustainable investment returns. The Investors are: Shell Foundation, KfW Development Bank, GroFin, the Dutch Good Growth Fund (DGGF), Norfund, Scholl Foundation, Calvert. Total fund size \$150 million.

Cost less impairment brought forward at 1 January	4,800	-	4,800	-
Purchases	4,450	4,800	4,450	4,800
Sales	-	-	-	-

responsAbility Energy Access Fund

The fund is dedicated to providing debt financing to fast-growing companies which promote access to decentralised modern energy solutions, primarily in Africa and Asia. Investors: Shell Foundation, a founding partner, is also a co-investor along with anchor investor IFC and other private investors including Skopos Impact Fund and The Adolf H. Lundin Charitable Foundation. Total fund size \$34 million.

Cost less impairment brought forward at 1 January	2,000	-	2,000	-
Purchases	-	2,000	-	2,000
Sales	-	-	-	-

Lightning Hybrids Inc. loan receivable

Lightning Hybrids provide hydraulic hybrid regenerative braking drive systems for fleet vehicles such as buses and delivery trucks. The loan is repayable between 2019 and 2020.

Cost less impairment brought forward at 1 January	1,500	-	1,500	-
Purchases	-	1,500	-	1,500
Sales	-	-	-	-

Redavia loan receivable

Redavia provide turn-key re-deployable solar farms that reduce reliance on diesel generators and provide low-cost energy, with flexible rental agreements in Africa and Asia. The loan is repayable in full by 2027.

Cost less impairment brought forward at 1 January	400	-	400	-
Movement from non-current to current	(16)	-	(16)	-
Purchases	-	400	-	400
Sales	(16)	-	(16)	-

SparkMeter loan receivable

The SparkMeter micro grid metering system enables utilities to implement pre-payment as well as real-time monitoring and control on micro grids and central grids alike. The low-cost system consists of four hardware components, a cloud-based operator interface, and a mobile money or cash-based pre-payment system in order to unlock energy services for the off-grid population. The meters' low cost, makes their use for low-consumption customers economical and the integrated nature of the technology makes it simple to install and operate. The loan is repayable in full by December 2022.

Fair value brought forward at 1 January	-	-	-	-
Purchases	375	-	375	-
Sales	-	-	-	-

Factor(E) loan receivable

Factor(E) identify disruptive, high risk technologies to solve critical energy bottlenecks in India and Kenya. They provide risk capital & engineering support – to test, de-risk and attract investment to scale promising solutions, since entrepreneurs working on new technologies often cannot find the technical and investor support they need. The loan is repayable in full by June 2026.

Cost less impairment brought forward at 1 January	-	-	-	-
Purchases	2,500	-	2,500	-
Sales	-	-	-	-
Impairment	-	-	-	-

Notes to the financial statements (continued) for the year ended 31 December 2016

11. Social Investments (continued)

Programme Related Investments

Non-Current (continued)	Group 2016 \$000	Group 2015 \$000	Foundation 2016 \$000	Foundation 2015 \$000
Gajam Group Limited (Dharma Life) loan receivable				
Operating in India, Dharma Life builds and trains a network of rural entrepreneurs, makes social-impact products accessible in rural markets and conducts innovative campaigns to create market demand. The loan is repayable in full by December 2022.				
Cost less impairment forward at 1 January	-	-	-	-
Purchases	989	-	989	-
Sales	-	-	-	-
Husk Power Systems Inc. loan receivable				
Husk is a leading off-grid utility, providing affordable, reliable and renewable power to rural communities. Operating in India, Tanzania and Kenya it designs, builds, owns & operates grid compatible plants, providing A/C power, which is suitable for all appliances. The loan is repayable in full by September 2026.				
Cost less impairment brought forward at 1 January	-	-	-	-
Purchases	1,300	-	1,300	-
Sales	-	-	-	-
Persistent Energy Capital loan receivable				
Operating in underserved African countries, PEC identifies high potential, early-stage PAYG energy businesses, invests and scales them with critical knowledge, experience and networks in business, governance and financing. This is in order to address access to energy in smaller, or unproven African markets that existing market leaders have no plans to be in. The loan is repayable in full by December 2026.				
Cost less impairment brought forward at 1 January	-	-	-	-
Purchases	500	-	500	-
Sales	-	-	-	-
Buen Manejo del Campo S.A. (Sistema Biobolsa) loan receivable				
Sistema combine manufacturing, sales and service of high quality bio-digester systems with consumer financing to enable affordable biogas solutions for productive use. They create innovative distribution partnerships across Africa and India to reach low income smallholder farmers reducing their fuel/fertiliser cost, enabling clean cooking/ heating and improving access to electricity. The loan is repayable in full by March 2027.				
Cost less impairment brought forward at 1 January	-	-	-	-
Purchases	500	-	500	-
Sales	-	-	-	-
Nomou Iraq Fund				
The principal activities of the Company are to invest in small and growing businesses (SGBs) within Iraq to further employment in the country. The Company was established under a Cooperation Agreement with USAID. GroFin has been chosen as the key strategic partner to further the aims of the Company and manage the distribution of funds to carefully selected SGBs in Iraq. Shell Foundation has had successful relationship with GroFin in a number of ventures for many years.				
Cost less impairment brought forward at 1 January	-	-	-	-
Purchases	3,700	-	-	-
Sales	-	-	-	-
Impairment	(1,256)	-	-	-
Total Non-Current Programme Related Investments	29,313	20,938	26,869	20,938
Mixed Motive Investments				
Non-Current				
Aavishkaar Ventures Management Services – interest bearing convertible debt agreement				
AVMS provides financial products and services in India and Kenya that are focused on people who are in low income communities. Their six areas of special focus have a direct and immediate impact on the lives and livelihoods of low-income consumers. These sectors are: Clean Energy, Agriculture and Rural Business, Financial Services, Water and Sanitation, Healthcare, Education and Vocational Training. Interest bearing convertible debt agreement; convertible into ordinary equity shares on or before 9th anniversary of funding (October 2025).				
Cost less impairment brought forward at 1 January	-	-	-	-
Purchases	10,000	-	10,000	-
Sales	-	-	-	-
Sales	-	-	-	-
Total Non-Current Investments	39,313	20,938	36,869	20,938
Total Current Investments	2,849	3,317	2,849	3,317
Cost carried forward as at 31 December 2016	42,162	24,255	39,718	24,255

Notes to the financial statements (continued) for the year ended 31 December 2016

12. Subsidiary and related undertakings

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

Name	Country of Incorporation	Nature of business	Interest	
SF Investment Management Limited	United Kingdom	Investment management	100% ordinary shares	
		Group 2016 \$000	Group 2015 \$000	Foundation 2016 \$000
				Foundation 2015 \$000
SF Investment Management Limited shareholding				
Commitment to invest with GroFin Nomou Iraq Fund: A unique integrated solution of patient risk capital (\$ 0.1 million - \$2 million) and end-to-end business support to start-up and growing businesses in Basra, Iraq. Investors: Shell Foundation and USAID.				
Cost less impairment brought forward at 1 January		-	-	3,991
Purchases		-	-	-
Impairment		-	-	(1,276)
Cost carried forward as at 31 December 2016		-	-	2,715
				3,991

13. Debtors

	Note	Group 2016 \$000	Group 2015 \$000	Foundation 2016 \$000	Foundation 2015 \$000
Amounts falling due within one year are:					
<i>Restricted donations non-government related</i>					
Shell Trading International Ltd		-	7,000	-	7,000
<i>Restricted donations government related</i>					
Inter-American Development Bank	2	-	493	-	493
Department of International Development	2	7,657	-	7,657	-
United States Agency for International Development	2	1,610	-	1,610	-
OPEC Fund for International Development	2	700	-	700	-
<i>Unrestricted Convertible Debt</i>					
Aavishkaar Ventures Management Services		100	-	100	-
Amounts falling due after more than one year are:					
<i>Restricted donations government related</i>					
Department of International Development		1,820	-	1,820	-
United States Agency for International Development		300	-	300	-
<i>Unrestricted debtor</i>					
The Shell Centenary Scholarship Fund		270	-	270	-
Total debtors		12,457	7,493	12,457	7,493

14. Cash at bank and on hand

	Group 2016 \$000	Group 2015 \$000	Foundation 2016 \$000	Foundation 2015 \$000
Cash at Bank	18,820	18,031	18,522	14,031
Total cash at bank and on hand	18,820	18,031	18,522	14,031

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 (continued) for the year ended 31 December 2016

15. Creditors: amounts falling due within one year

	Group 2016 \$000	Group 2015 \$000	Foundation 2016 \$000	Foundation 2015 \$000
Grants Payable	18,121	15,929	18,121	15,929
Trade Creditors – Shell International Limited	6,647	592	6,647	592
Accruals	9	4,306	-	4,297
	24,777	20,827	24,768	20,818

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

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

	Group 2016 \$000	Group 2015 \$000	Foundation 2016 \$000	Foundation 2015 \$000
Total grants payable	19,208	16,502	19,208	16,502
Less amounts falling due within one year (note 15)	(18,121)	(15,929)	(18,121)	(15,929)
Grants payable falling due after more than one year	1,087	573	1,087	573
Accrual for employee benefit	399	185	399	185
Payable to USAID for Nomou Iraq project	2,703	3,991	2,703	3,991
Total payables falling due after more than one year	4,189	4,749	4,189	4,749
Represented by:				
Grants payable in greater than one year but less than two years	1,087	573	1,087	573
Accrual for employee benefit	399	185	399	185
USAID payable in greater than five years	2,703	3,991	2,703	3,991
	4,189	4,749	4,189	4,749

Notes to the financial statements (continued) for the year ended 31 December 2016

17. Funds

Group	Balance Bfwd \$000	Incoming Resources \$000	Resources Expended \$000	Transfers \$000	Investment Gain/(losses) \$000	Balance Cfwd \$000
Endowment Funds	442,838	7,808	(348)	(25,152)	17,514	442,660
Unrestricted Funds	29,467	6,654	(20,493)	25,152	-	40,780
Restricted Funds	(5,236)	22,618	(13,689)	-	-	3,693
	467,069	37,080	(34,530)	-	17,514	487,133

Foundation	Balance Bfwd \$000	Incoming Resources \$000	Resources Expended \$000	Transfers \$000	Investment Gain/(losses) \$000	Balance Cfwd \$000
Endowment Funds	442,838	7,808	(348)	(25,152)	17,514	442,660
Unrestricted Funds	29,467	6,654	(20,493)	25,152	-	40,780
Restricted Funds	(5,236)	22,613	(13,702)	-	-	3,675
	467,069	37,075	(34,543)	-	17,514	487,115

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

18. Analysis of net assets between funds

Group	Note	Unrestricted Funds 2016 \$000	Restricted Funds 2016 \$000	Endowment Funds 2016 \$000	Total 2016 \$000	Total 2015 \$000
Fixed Assets						
Endowment investment (at fair value)	10	-	-	442,660	442,660	442,866
Social investments (at costs less impairment)	11	33,194	6,119	-	39,313	20,938
		33,194	6,119	442,660	481,973	463,804
Current Assets						
Debtors:						
amounts falling due within one year	13	100	9,967	-	10,067	7,493
amounts falling due after one year	13	270	2,120	-	2,390	-
		370	12,087	-	12,457	7,493
Cash at bank and on hand	14	17,622	1,198	-	18,820	18,031
Social investments (at cost less impairment)	11	2,849	-	-	2,849	3,317
Creditors: amounts falling due within one year	15	(12,233)	(12,544)	-	(24,777)	(20,827)
Net Current Assets		8,608	741	-	9,349	8,014
Total Assets less Current Liabilities		41,802	6,860	442,660	491,322	471,818
Creditors: amounts falling due after more than one year	16	(1,022)	(3,167)	-	(4,189)	(4,749)
Net Assets		40,780	3,693	442,660	487,133	467,069

Notes to the financial statements (continued) for the year ended 31 December 2016

18. Analysis of net assets between funds cont.

Foundation	Note	Unrestricted Funds 2016 \$000	Restricted Funds 2016 \$000	Endowment Funds 2016 \$000	Total 2016 \$000	Total 2015 \$000
Fixed Assets						
Endowment investment (at fair value)	10	-	-	442,660	442,660	442,866
Social investments (at cost less impairment)	11	33,194	3,675	-	36,869	20,938
Subsidiary undertakings	12	-	2,715	-	2,715	3,991
		33,194	6,390	442,660	482,244	467,795
Current Assets						
Debtors						
amounts falling due within one year	13	100	9,967	-	10,067	7,493
amounts falling due after one year	13	270	2,120	-	2,390	-
		370	12,087	-	12,457	7,493
Cash at bank and on hand	14	17,622	900	-	18,522	14,031
Social investments (at cost less impairment)	11	2,849	-	-	2,849	3,317
Creditors: amounts falling due within one year	15	(12,283)	12,535	-	(24,768)	(20,818)
Net Current Assets		8,608	452	-	9,060	4,023
Total Assets less Current Liabilities		41,802	6,842	442,660	491,304	471,818
Creditors: amounts falling due after more than one year	16	(1,022)	(3,167)	-	(4,189)	(4,749)
Net Assets		40,780	3,675	442,660	487,115	467,069

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

	2016 Group \$000	2016 Foundation \$000	2015 \$000
Net movement in unrestricted and restricted funds	20,242	20,242	13,023
Add back transfer from endowment fund	(25,152)	(25,152)	(21,513)
Add back impairment	3,989	3,989	-
Increase in net debtors – unrestricted & restricted funds	(5,082)	(5,082)	4,877
Increase in net creditors – unrestricted & restricted funds	3,165	3,167	(2,345)
Net cash used in operating activities	(2,838)	(2,836)	(5,958)

Notes to the financial statements (continued) for the year ended 31 December 2016

20. Financial Instruments

The Group and the Foundation have the following financial instruments:

Group and Foundation	Note	2016 \$000	2015 \$000
Financial assets at fair value through the SOFA			
- Endowment	10	442,660	442,866
		442,660	442,866
Financial assets that are debt instrument measured at amortised cost			
- Debtors	13	9,967	7,493
		9,967	7,493
Financial assets that are debt instrument measured at cost less impairment			
- Programme related investment – responsibility Loan	11	2,000	2,000
- Programme related investment – Lightning Hybrids Loan	11	1,500	1,500
- Programme related investment – Redavia Loan	11	384	400
- Programme related investment – SparkMeter Loan	11	375	
- Programme related investment – Factor[E] Loan	11	2,500	
- Programme related investment – Gajam Group Ltd (Dharma Life) Loan	11	989	
- Programme related investment – Husk Power Systems Inc. Loan	11	1,300	
- Programme related investment – Persistent Energy Capital Loan	11	500	
- Programme related investment – Buen Manejo del Campo S.A. (Sistema Biobolsa) Loan	11	500	
- Mixed motive investment – Aavishkaar Ventures Management Services convertible debt agreement	11	10,000	
		20,048	3,900
Financial assets that are equity instrument measured at cost less impairment			
- Programme related investment – GroFin Africa Fund	11	5,888	10,024
- Programme related investment – GroFin SGB Fund	11	9,250	4,800
- Programme related investment – Envirofit	11	4,532	5,531
- Programme related investment – Nomou Iraq Fund	11	2,444	
		22,114	20,355
Financial liabilities at fair value through the SOFA			
Financial liabilities measured at amortised costs			
- Creditors and accruals	15,16	(28,966)	(25,576)
		(28,966)	(25,576)
Other financial liabilities measured at fair value			
- Contingent liabilities	25	(3,500)	(1,500)
		(3,500)	(1,500)

Notes to the financial statements (continued) for the year ended 31 December 2016

21. Derivative financial instruments

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

	Contractual Notional Amount \$000	Fair value	
		Asset \$000	Liability \$000
2016			
Non-hedging instruments			
- Foreign exchange contracts	72,560	2,031	(697)
Total		2,031	(697)
Less: current portion		(2,031)	697
Non-current portion		-	-
Non-hedging instruments			
- Foreign exchange swaps	-	-	-
Total		-	-
Less: current portion		-	-
Non-current portion		-	-
2015			
Non-hedging instruments			
- Foreign exchange contracts	64,176	1,222	(28)
Total		1,222	(28)
Less: current portion		(1,222)	28
Non-current portion		-	-
Non-hedging instruments			
- Foreign exchange swaps	-	-	-
Total		-	-
Less: current portion		-	-
Non-current portion		-	-

22. Capital commitment

The Foundation had the following capital commitments as at 31 December 2016:

GroFin SGB Fund \$5.8 million (2015: \$10.2 million) and Nomou Iraq Fund Nil (2015: \$4 million).

Notes to the financial statements (continued) for the year ended 31 December 2016

23. Capital

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

24. Related party transactions

The sole member of the Foundation is The Shell Petroleum Company Limited (SPCo). The ultimate parent company of SPCo is Royal Dutch Shell plc. The Foundation's investment manager is Shell Asset Management Company (SAMCo), which is also a subsidiary of Royal Dutch Shell plc. During the year the Foundation made payments of \$231,506 (2015: \$190,988), related tax accrued \$44,026, and generated accrued investment management costs of \$58,662 (2015: \$52,709), related tax accrued \$11,732, on normal business terms with SAMCo.

During the year the Foundation made payments of \$1.9 million (2015: \$1.5 million) and generated accrued costs of \$7.0 million (2015: \$4.5 million) on normal business terms with Shell International Limited.

Of the Foundation's current or former Trustees listed on page 3, the following are or were directors or officers of certain Shell Group companies: Ms Sinead Lynch, Mr Maarten Wetselaar, Mr Andrew Brown, Mr Malcolm Brinded and Mr Ben van Beurden. The Shell Group has other charitable affiliates that are not formally related to the Foundation, such as The Shell Centenary Scholarship Fund in the UK and the Shell Oil Foundation in the USA.

Donations received included the following as disclosed in Note 2:

Entity Name	2016 \$000	2015 \$000
Shell Trading International Ltd	-	6,000
Shell Energy Europe Limited	6,000	-

As part of Shell Foundation's approach as an engaged donor, Shell Foundation staff members often participate in the governance of strategic partners to maintain strength and skills of the Board. None of the Shell Foundation employees who serve on the Boards of these partners receive any remuneration for these duties. Position of influence of key management personnel, Sam Parker – Shell Foundation Director, Judith Pollock – former Deputy Director, Pradeep Pursnani – Deputy Director, during the 2016 year were:

Shell Foundation Key Management Personnel	Organisation's Name	Position	Grant 2016 \$000	Grant 2015 \$000	Outstanding Liability 2016 \$000	Outstanding Liability 2015 \$000	Notes
Sam Parker (Judith Pollock until 11/2016)	Stichting Smart Freight Centre	Board Member	1,100	1,300	-	-	
Pradeep Pursnani	Gajam Group Limited	Member of the Advisory Board	20	2,200	200	1,100	
Pradeep Pursnani	IntelleGrow	Board Member	-	1,000	400	700	Intellecap Advisory Services is a SF Grantee that belongs to the IntelleGrow Group of Companies.
Pradeep Pursnani	BIX Fund Management BV	Board Member	-	200	-	100	
Pradeep Pursnani	Husk Power Systems Pvt.	Board Member	1.6	800	400	200	

Notes to the financial statements (continued) for the year ended 31 December 2016

24. Related party transactions (continued)

Shell Foundation Key Management Personnel	Organisation's Name	Position	Grant 2016 \$000	Grant 2015 \$000	Outstanding Liability 2016 \$000	Outstanding Liability 2015 \$000	Notes
Pradeep Pursnani	Factor(E) Ventures Limited	Board Member	500	-	-	-	
Pradeep Pursnani	Factor(E) Ventures PBC	Board Member	1,400	-	100	-	
Pradeep Pursnani	Envirofit International Inc.	Board Member	400	-	300	-	
Pradeep Pursnani	responsAbility Energy Access Fund	Board Member	-	-	-	350	
Pradeep Pursnani	SparkMeter	Board Member	700	1,300	300	200	
Pradeep Pursnani	d.light	Observer	1,700	-	1,200	-	
Pradeep Pursnani	Redavia	Observer	1,700	1,100	500	-	
Pradeep Pursnani	GroFin Nomou (MENA)	Member of the Advisory Committee	-	-	-	830	
Pradeep Pursnani	GroFin Africa Fund, GroFin SGB Fund and GroFin Nomou (MENA)	Member of the Advisory Committees	300	100	300	100	GroFin Managers is a SF Grantee that belongs to the GroFin Group of Companies.

Shell Foundation Key Management Personnel	Organisation's Name	Position	SF Involvement
Pradeep Pursnani	Envirofit International Inc	Board Member	Following the dilution in the first half of 2016, by a \$3 million FMO investment in Envirofit and the concurrent redemption of \$1 million SF shareholding; SF holds 15.5% of the outstanding shares of Envirofit International Inc as at year end. (2015: purchase of shareholder equity of \$5.5 million)
Pradeep Pursnani	responsAbility Energy Access Fund	Member of the Board of Directors	Investment of \$2 million at the 2016 year-end (2015: \$2 million)
Pradeep Pursnani	GroFin SGB Fund	Member of the Advisory Committees	Investment of \$9.25 million in GroFin SGB Fund at the 2016 year-end (2015: \$4.8 million)
Pradeep Pursnani	GroFin Africa Fund	Member of the Advisory Committees	Investment in GroFin Africa Fund of \$5.9 million at the 2016 year-end (2015: \$10 million)
Pradeep Pursnani	Aavishkaar Venture Management Services Private Limited, part of The Aavishkaar-Intellect Group	Board member	Convertible Debt Agreement of \$10 million (2015: nil)
Pradeep Pursnani	BIX Fund Management BV	Board Member	Six year financial guarantee of \$2 million to Calvert Social Investment Foundation Inc. for pre-funding of the BIX carbon fund via Cardecho (2015: nil)
Pradeep Pursnani	Envirofit International Inc.	Board Member	In October 2012, Shell Foundation offered a seven year financial guarantee of \$1.5 million to Calvert Social Investment Foundation Inc. to cover a \$3 million loan facility to Envirofit International Inc. As of December 2015, Envirofit International Inc. had drawn down \$3 million of this loan.
Pradeep Pursnani	Husk Power Systems	Board Member	Loan Receivable \$1.3 million (2015: nil)
Pradeep Pursnani	Factor(E) Ventures PBC	Board Member	Loan Receivable \$2.5 million (2015: nil)

Notes to the financial statements (continued) for the year ended 31 December 2016

24. Related party transactions (continued)

Shell Foundation Key Management Personnel	Organisation's Name	Position	SF Involvement
Pradeep Pursnani	Redavia	Observer	Loan Receivable \$0.4 million (2015: \$0.4 million)
Pradeep Pursnani	Gajam Group Limited	Member of the Advisory Board	Loan Receivable \$1.0 million (2015: nil)
Pradeep Pursnani	SparkMeter	Board Member	Loan Receivable \$0.4 million (2015: nil)

25. Guarantees and contingent liabilities

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

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

26. Post balance date events

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

File Copy



CERTIFICATE OF INCORPORATION OF A PRIVATE LIMITED COMPANY

Company Number **9425215**

The Registrar of Companies for England and Wales, hereby certifies that

SF INVESTMENT MANAGEMENT LIMITED

is this day incorporated under the Companies Act 2006 as a private company, that the company is limited by shares, and the situation of its registered office is in England and Wales

Given at Companies House, Cardiff, on **5th February 2015**



N09425215F

The above information was communicated by electronic means and authenticated by the Registrar of Companies under section 1115 of the Companies Act 2006



Companies House



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



Companies House

IN01(ef)

Application to register a company

Received for filing in Electronic Format on the: 05/02/2015



X40LQ43M

*Company Name
in full:*

SF INVESTMENT MANAGEMENT LIMITED

Company Type:

Private limited by shares

*Situation of Registered
Office:*

England and Wales

*Proposed Register
Office Address:*

**SHELL CENTRE
LONDON
UNITED KINGDOM
SE1 7NA**

I wish to adopt entirely bespoke articles

Company Secretary 1

Type: **Corporate**

Name: **SHELL CORPORATE SECRETARY LIMITED**

*Registered or
Principal Office
Address:* **SHELL CENTRE
LONDON
UNITED KINGDOM
SE1 7NA**

European Economic Area (EEA) Company

Register Location: **UNITED KINGDOM**

Registration Number: **00289003**

Consented to Act: **Y** *Date authorised:* **05/02/2015** *Authenticated:* **YES**

Company Director **1**

Type: **Person**
Full forename(s): **MR PRADEEP ASHOK**

Surname: **PURSNANI**

Former names:

Service Address recorded as Company's registered office

Country/State Usually Resident: **UNITED KINGDOM**

Date of Birth: **04/03/1980** *Nationality:* **SPANISH**

Occupation: **DEPUTY DIRECTOR**

Consented to Act: **Y** *Date authorised:* **05/02/2015** *Authenticated:* **YES**

Company Director **2**

Type: **Person**
Full forename(s): **MRS AMANDA JANE**

Surname: **BURSTON**

Former names: **HURDLEY**

Service Address recorded as Company's registered office

Country/State Usually Resident: **UNITED KINGDOM**

Date of Birth: **18/10/1967** *Nationality:* **BRITISH**

Occupation: **FINANCE OFFICER**

Consented to Act: **Y** *Date authorised:* **05/02/2015** *Authenticated:* **YES**

Company Director 3

Type: **Person**

Full forename(s): **MISS RACHEL AMANDA**

Surname: **SINGH**

Former names:

Service Address recorded as Company's registered office

Country/State Usually Resident: **UNITED KINGDOM**

Date of Birth: **29/11/1982**

Nationality: **BRITISH**

Occupation: **BUSINESS MANAGER**

Consented to Act: **Y**

Date authorised: **05/02/2015**

Authenticated: **YES**

Statement of Capital (Share Capital)

Class of shares	ORDINARY	<i>Number allotted</i>	1
		<i>Aggregate nominal value</i>	1
<i>Currency</i>	USD	<i>Amount paid per share</i>	1
		<i>Amount unpaid per share</i>	0

Prescribed particulars

VOTING RIGHTS - ALL SHARES RANK EQUALLY FOR VOTING PURPOSES. ON A SHOW OF HANDS EACH MEMBER HAS ONE VOTE AND ON A POLL EACH MEMBER HAS ONE VOTE PER SHARE HELD.
DIVIDEND RIGHTS - EACH SHARE RANKS EQUALLY FOR ANY DIVIDEND DECLARED. RIGHTS TO CAPITAL - EACH SHARE RANKS EQUALLY FOR ANY DISTRIBUTION MADE ON A WINDING UP. RIGHTS OF REDEMPTION - THE SHARES ARE NOT REDEEMABLE.

Statement of Capital (Totals)

<i>Currency</i>	USD	<i>Total number of shares</i>	1
		<i>Total aggregate nominal value</i>	1

Initial Shareholdings

Name: SHELL FOUNDATION

Address: SHELL CENTRE
LONDON
UNITED KINGDOM
SE1 7NA

Class of share: ORDINARY

Number of shares: 1

Currency: USD

*Nominal value of
each share:* 1

Amount unpaid: 0

Amount paid: 1

Statement of Compliance

I confirm the requirements of the Companies Act 2006 as to registration have been complied with.

Name: **SHELL FOUNDATION**

Authenticated: **YES**

Authorisation

Authoriser Designation: **subscriber**

Authenticated: **Yes**

COMPANY HAVING A SHARE CAPITAL

Memorandum of Association of

SF INVESTMENT MANAGEMENT LIMITED

Each subscriber to this Memorandum of Association wishes to form a company under the Companies Act 2006 and agrees to become a member of the company and to take at least one share.

Name of each subscriber	Authentication by each subscriber
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SHELL FOUNDATION	SHELL FOUNDATION
------------------	------------------

Dated 5/2/2015

Company No.

SF INVESTMENT MANAGEMENT LIMITED

ARTICLES OF ASSOCIATION

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Part 1

Interpretation and Limitation of Liability

1. Exclusion of other regulations and defined terms

- (1) No regulations or model articles contained in any statute or subordinate legislation, including those contained in the Model Articles, apply to the company.

- (2) In the articles, unless the context requires otherwise:

"alternate director" has the meaning given in article;

"appointor" has the meaning given in article 29;

"articles" means the company's articles of association;

"bankruptcy" includes individual insolvency proceedings in a jurisdiction other than England and Wales or Northern Ireland which have an effect similar to that of bankruptcy;

"capitalised sum" has the meaning given in article 52;

"chairman" has the meaning given in article 13;

"clear days" means, in relation to the period of a notice or other communication, that period excluding the day on which the notice or other communication is served or deemed to be served and the day on which it is given or on which it is to take effect;

"chairman of the meeting" has the meaning given in article 55;

"Companies Acts" means the Companies Acts (as defined in section 2 of the Companies Act 2006), in so far as they apply to the company;

"Conflict" has the meaning given in article 17;

"conflicts of interest" include a conflict of interest and duty and a conflict of duties and **"interest"** includes both direct and indirect interests;

"contract" in article 15 includes any transaction or arrangement (whether or not constituting a contract);

"director" means a director of the company, and includes any person occupying the position of director, by whatever name called;

"distribution recipient" has the meaning given in article 46;

"document" includes, unless otherwise specified, any document sent or supplied in electronic form;

"fully paid" in relation to a share, means that the nominal value and any premium to be paid to the company in respect of that share have been paid to the company;

"group company" means a subsidiary undertaking or parent undertaking of the company or a subsidiary undertaking of any parent undertaking of the company;

"holder" in relation to shares means the person whose name is entered in the register of members as the holder of the shares;

"instrument" means a document in hard copy form;

"Model Articles" means the model articles for private companies limited by shares contained in Schedule 1 of the Companies (Model Articles) Regulations 2008 (SI 2008/3229) as amended prior to the adoption of these articles;

"paid" means paid or credited as paid;

"participate", in relation to a directors' meeting, has the meaning given in article 11;

"Permitted Situation" has the meaning given in article 17;

"persons entitled" has the meaning given in article 52;

"proxy notice" has the meaning given in article 61;

"senior holder" has the meaning given in article 46;

"shareholder" means a person who is the holder of a share;

"shares" means shares in the company;

"transmittee" means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law; and

"writing" means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

- (3) Unless the context otherwise requires, other words or expressions contained in the articles bear the same meaning as in Companies Act 2006 as in force on the date when the articles become binding on the company.
- (4) Where an ordinary resolution of the company is expressed to be required for any purpose, a special resolution is also effective for that purpose.
- (5) The *ejusdem generis* principle of construction shall not apply. Accordingly, general words shall not be given a restrictive meaning by reason of their being preceded or followed by words indicating a particular class of acts, matters or things or by examples falling within the general words.
- (6) The headings in the articles do not affect their interpretation or construction.

2. **Liability of members**

The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

Part 2

Directors

Directors' Powers and Responsibilities

3. Directors' general authority

Subject to the articles, the directors are responsible for the management of the company's business, for which purpose they may exercise all the powers of the company.

4. Shareholders' reserve power and effect of altering the articles

- (1) The shareholders may, by special resolution, direct the directors to take, or refrain from taking, specified action.
- (2) No such special resolution invalidates anything which the directors have done before the passing of the resolution.
- (3) No alteration of the articles invalidates anything which the directors have done before the alteration was made.

5. Directors may delegate

- (1) Subject to the articles, the directors may delegate any of the powers which are conferred on them under the articles:
 - (a) to such person or committee;
 - (b) by such means (including by power of attorney);
 - (c) to such an extent;
 - (d) in relation to such matters or territories; and
 - (e) on such terms and conditions,

as they think fit.

- (2) If the directors so specify, any such delegation may authorise further delegation of the directors' powers by any person to whom they are delegated.
- (3) Where a provision in the articles refers to the exercise of a power, authority or discretion by the directors and that power, authority or discretion has been delegated by the directors to a committee or a member of a committee, the provision shall be construed as permitting the exercise of the power, authority or discretion by the committee or a member of a committee.
- (4) The directors may revoke any delegation in whole or part, or alter its terms and conditions.

6. Committees

- (1) Committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors.
- (2) The directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.

7. **Company Secretary**

The directors may appoint any person who is willing to act as the company secretary for such term and upon such conditions as they may think fit and from time to time remove such person and, if the directors so decide, appoint a replacement, in each case by a decision of the directors.

Decision-Making by Directors

8. **Directors to take decisions collectively**

- (1) The general rule about decision-making by directors is that any decision of the directors must be a majority decision either at a meeting or taken in accordance with article 9.
- (2) If the company only has one director, and no provision of the articles requires it to have more than one director, the general rule does not apply, and the director may (for so long as he remains the sole director) take decisions without regard to any of the provisions of the articles relating to directors' decision-making. For the purpose of article 12, the quorum for the transaction of business by a sole director is one, and all other provisions of the articles apply with any necessary modification (unless a provision expressly provides otherwise).
- (3) If only one director is eligible to vote on any authorisation required under articles 16 and 17, the general rule does not apply, and the eligible director may take decisions in relation to the authorisation notwithstanding any of the provisions of the articles relating to quorum, voting requirements or directors' decision-making, and such authority shall be valid and effectual.

9. **Decisions made other than at a meeting**

- (1) A decision of the directors is taken in accordance with this article when a majority of eligible directors indicate to all eligible directors by any means that they share a common view on a matter. If an alternate director indicates that he shares the common view, his appointor need not also indicate his agreement.
- (2) Such a decision may take the form of a resolution in writing, at least one copy of which has been signed by such majority of eligible directors or to which such majority of eligible directors have otherwise indicated agreement in writing. A resolution signed by an alternate director need not also be signed by or agreed to by his appointor.
- (3) References in this article to eligible directors are to directors who would have been entitled to vote on the matter and whose vote would have been counted had it been proposed as a resolution at a directors' meeting.
- (4) A decision may not be taken in accordance with this article if the eligible directors would not have formed a quorum at such a meeting.

10. **Calling a directors' meeting**

- (1) Any director may call a directors' meeting by giving notice of the meeting to the directors or by authorising the company secretary (if any) to give such notice.
- (2) Notice of any directors' meeting must indicate:
 - (a) its proposed date and time;
 - (b) where it is to take place; and

- (c) if it is anticipated that directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.

- (3) Notice of a directors' meeting must be given to each director.
- (4) Notice of a directors' meeting need not be given to directors who waive their entitlement to notice of that meeting, by giving notice to that effect to the company either before or after the date on which the meeting is held. Where such notice is given after the meeting has been held, that does not affect the validity of the meeting, or of any business conducted at it.

11. **Participation in directors' meetings**

- (1) Subject to the articles, directors "**participate**" in a directors' meeting, or part of a directors' meeting, when:
 - (a) the meeting has been called and takes place in accordance with the articles, and
 - (b) they can each communicate to the others any information or opinions they have on any particular item of the business of the meeting.
- (2) In determining whether directors are participating in a directors' meeting, it is irrelevant where any director is or how they communicate with each other.
- (3) If all the directors participating in a meeting are not in the same place, they may decide that the meeting is to be treated as taking place wherever any of them is.

12. **Quorum for directors' meetings**

- (1) At a directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.
- (2) The quorum for directors' meetings may be fixed from time to time by a decision of the directors, but it must never be less than two, and unless otherwise fixed it is two.
- (3) Notwithstanding article 12(2), if the total number of directors for the time being in office is less than the quorum required, the directors must not take any decision other than a decision:
 - (a) to appoint further directors; or
 - (b) to call a general meeting so as to enable the shareholders to appoint further directors.

13. **Chairing of directors' meetings**

- (1) The directors may, at the commencement of each meeting, appoint a director to chair that meeting.
- (2) The person so appointed for the time being is known as the "**chairman**".

14. **Casting vote**

- (1) If the numbers of votes at a meeting of directors for and against a proposal are equal (ignoring any votes which are to be discounted in accordance with the articles or the Companies Acts), the chairman of the meeting or other director chairing the meeting has a casting vote.

- (2) Article 14(1) does not apply in respect of a particular meeting (or part of a meeting) if, in accordance with the articles, the chairman or other director is not to be counted as participating in the decision-making process for quorum or voting purposes.

15. Transactions or arrangements with the company

- (1) Provided that he has disclosed to the directors the nature and extent of any interest of his in accordance with and to the extent required by the Companies Acts, a director notwithstanding his office may, subject to the provisions of the Companies Acts:
- (a) be a party to, or otherwise interested in, any contract with the company or in which the company is otherwise directly or indirectly interested;
 - (b) be a director or other officer of, or employed by, or a party to any contract with, or otherwise interested in, any group company or in any body corporate promoted by the company or any group company or in which the company or any group company is directly or indirectly interested;
 - (c) act by himself or his firm in a professional capacity for the company (otherwise than as auditor); and
 - (d) act (or any firm of which he is a partner or employee may act) in a professional capacity for any group company (other than as auditor) whether or not for remuneration or for any other benefit.
- (2) For the purposes of this article 15:
- (a) a director shall be deemed to have disclosed the nature and extent of an interest which consists of him being a director, officer or employee of any group company; and
 - (b) a general notice given to the directors that a director is to be regarded as having an interest of the nature and extent specified in the notice in any contract in which a specified person or class of persons is interested shall be deemed to be a disclosure that the director has an interest in any such contract of the nature and extent so specified.
- (3) Where a director is a director or other officer of, or employed by, a group company, he:
- (a) may in exercising his independent judgement take into account the success of other group companies as well as the success of the company; and
 - (b) shall in the exercise of his duties, where that other group company is a parent company, have a duty of confidentiality to the parent company in relation to confidential information of the parent company, but he shall not be restricted by any duty of confidentiality to the company from providing information to any parent company.

16. Conflicts of interest: Confidential information

- (1) If a director has obtained any information, otherwise than as a director, in respect of which he owes a duty of confidentiality to another entity or person ("**Confidential Information**"), then subject to article 16(2), the director is under no obligation to:
- (a) disclose any such information to the board or to any other director or other officer or employee of the company; or
 - (b) use or apply any such information in performing his duties as a director.

- (2) If the Confidential Information gives rise or might give rise to an actual or potential conflict of interest or duty for the director in performing his role as a director, then:
- (a) if the directors have adopted a conflicts of interest policy and such policy has not lapsed or been revoked, article 16(1) applies subject to that policy and only to the extent that the relevant director acts in accordance in all material respects with such policy as amended from time to time; and
 - (b) if the directors have not adopted a conflicts of interest policy or if an adopted policy has lapsed or been revoked, then article 16(1) only applies if the relevant director informs the other directors that he is in possession of Confidential Information, agrees with them what steps, if any, should be taken to manage the actual or potential conflict of interest or duty and complies with the agreed steps.

17. Conflicts of interest: Exercising powers where there is a conflict

- (1) No exercise of a power or discretion or discharge of a duty by a director will be invalid solely on grounds that he has any interest in the subject matter, provided that: where the relevant director is aware of such a conflict of interest which without the authorisation of the other directors would involve the relevant director breaching his duty under the Companies Acts to avoid conflicts of interest ("**Conflict**"); or where any of the situations referred to in article 15(1) ("**Permitted Situation**") apply, then:
- (a) if the directors have adopted a conflicts of interest policy and such policy has not lapsed or been revoked, this article 17(1) applies subject to that policy and only to the extent that the directors (subject to the quorum and voting requirements set out in the articles) authorise any Conflict in accordance with such conflicts of interest policy and the relevant director acts in accordance in all material respects with such policy as amended from time to time; and
 - (b) if the directors have not adopted a conflicts of interest policy or if an adopted policy has lapsed or been revoked, this article 17(1) only applies if the relevant director informs the other directors that he has an interest in the subject matter, the other directors (subject to the quorum and voting requirements set out in the articles) authorise any Conflict and the relevant director agrees with the other directors what steps, if any, should be taken to manage the actual or potential Conflict or the Permitted Situation and the relevant director complies with the agreed steps.
- (2) Any director (including the relevant director) may propose that the relevant director be authorised in relation to any matter the subject of a Conflict. Such proposal and any authority given by the directors shall be effected in the same way that any other matter may be proposed to and decided upon by the directors under the provisions of the articles save that the relevant director shall not count towards the quorum nor vote on any resolution giving such authority and save further that if there are insufficient directors eligible to vote and therefore to form a quorum, article 8(3) will apply.
- (3) Where the directors give authority in relation to a Conflict:
- (a) the terms of the authority shall be recorded in writing (but the authority shall be effective whether or not the terms are so recorded); and
 - (b) the directors may revoke or vary such authority at any time but this will not affect anything done by the relevant director prior to such revocation in accordance with the terms of such authority.
- (4) A director shall not, by reason of his office or of the fiduciary relationship thereby established, be liable to account to the company or the members for any remuneration, profit or other benefit realised by reason of his having any type of interest in a Conflict authorised under this

article or in any Permitted Situation and no contract shall be liable to be avoided on the grounds of a director having any such interest.

- (5) A director shall be authorised for the purposes of section 175 of the Companies Act 2006 to act or continue to act as a director of the company notwithstanding that at the time of his appointment or subsequently he also:
- (a) holds office as a director of any other group company;
 - (b) holds any other office or employment with any other group company;
 - (c) participates in any scheme, transaction or arrangement for the benefit of the employees or former employees of the company or any other group company (including any pension fund or retirement, death or disability scheme or other bonus or employee benefit scheme); or
 - (d) is interested directly or indirectly in any shares or debentures (or any rights to acquire shares or debentures) in the company or any other group company.
- (6) For the purposes of articles 15, 16 and 17 in relation to an alternate director, the interest of his appointor is treated as the interest of the alternate director in addition to any interest which the alternate director otherwise has. Articles 15, 16 and 17 apply to an alternate director as if he were a director of the company.

18. Directors may vote when interested

- (1) Subject where applicable to disclosure in accordance with the Companies Acts or the articles and subject to any terms imposed by the directors in relation to any Conflict or Permitted Situation or in relation to the possession of any Confidential Information, a director shall be entitled to vote in respect of any matter in which he is interested directly or indirectly and if he shall do so his vote shall be counted and, whether or not he does, his presence at the meeting he shall be taken into account in ascertaining whether a quorum is present.
- (2) Subject to paragraph (3), if a question arises at a meeting of directors or of a committee of directors as to the right of a director to participate in the meeting (or part of the meeting) for voting or quorum purposes, the question may, before the conclusion of the meeting, be referred to the chairman whose ruling in relation to any director other than the chairman is to be final and conclusive.
- (3) If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the chairman, the question is to be decided by a decision of the directors at that meeting, for which purpose the chairman is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

19. Additional protection where there is a conflict

Articles 15, 16, 17 and 18 apply in addition to any equitable principle or rule of law or legislative provision which may excuse the relevant director from disclosing information or from acting where he has an interest.

20. Records of decisions to be kept

- (1) The directors or the company secretary (if any) must ensure that the company keeps a record, in writing, for at least 10 years from the date of the decision recorded:
- (a) of all appointments of officers made by the directors;
 - (b) of every decision taken by the directors, including by written resolution, and any committee of the directors; and

- (c) of all proceedings of general meetings of the company and of the holders of any class of shares in the company.
- (2) The company shall also keep records comprising copies of all resolutions of members passed otherwise than at general meetings and of details provided to the company of decisions taken by a sole member. All such records must be kept for at least 10 years from the date of the meeting or resolution or decision (as appropriate).

21. Directors' discretion to make further rules

Subject to the articles, the directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to directors.

22. Change of name

The company may change its name by a decision of the directors.

Appointment of Directors

23. Number of directors

Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) is not subject to a maximum and the minimum number is two.

24. Methods of appointing directors

- (1) Subject to article 24(2), any person who is willing to act as a director, and is permitted by law to do so, may be appointed to be a director:
 - (a) by ordinary resolution;
 - (b) by a decision of the directors; or
 - (c) by a notice of his appointment given in accordance with article 26.
- (2) In any case where, as a result of death, bankruptcy or other event, the company has no shareholders and no directors, the transmittee(s) of the last shareholder have the right, by notice in writing, to appoint one or more persons to be a director.
- (3) For the purposes of article 24(2), where 2 or more shareholders die in circumstances rendering it uncertain who was the last to die, a younger shareholder is deemed to have survived an older shareholder.

25. Termination of directors' appointment

A person ceases to be a director as soon as:

- (a) that person ceases to be a director by virtue of any provision of the Companies Act 2006 or is prohibited from being a director by law;
- (b) a bankruptcy order is made against that person;
- (c) a composition is made with that person's creditors generally in satisfaction of that person's debts;
- (d) a registered medical practitioner who is treating that person gives a written opinion to the company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months;

- (e) notification is received by the company from the director that the director is resigning from office, and such resignation has taken effect in accordance with its terms;
- (f) that person has for more than six consecutive months been absent without permission of the directors from meetings of directors held during that period and the directors resolve that person should cease to be a director; and
- (g) notice of his removal is given in accordance with article 26.

26. Appointment and removal of directors by majority shareholders

A shareholder or shareholders holding a majority in nominal value of the issued shares may by notice in writing signed by or on behalf of him or them and delivered to the registered office or tendered at a meeting of the directors or at a general meeting of the company at any time and from time to time appoint any person who is willing to act, and is permitted by law to do so, to be a director (either to fill a vacancy or as an additional director) or remove any director from office (no matter how he was appointed). The appointment or removal takes effect immediately on deposit of the notice or on such later date (if any) specified in the notice.

27. Directors' remuneration

- (1) Directors may undertake any services for the company that the directors decide.
- (2) Directors are entitled to such remuneration as the directors determine:
 - (a) for their services to the company as directors, and
 - (b) for any other service which they undertake for the company.
- (3) Subject to the articles, a director's remuneration may take any form.
- (4) Unless the directors decide otherwise, directors' remuneration accrues from day to day.
- (5) Unless the directors decide otherwise, directors are not accountable to the company for any remuneration which they receive as directors or other officers or employees of the company's subsidiaries or of any other body corporate in which the company is interested, and the receipt of such benefit shall not disqualify any person from being a director of the company.
- (6) The directors may provide benefits, whether by the payment of a pension, allowance or gratuities, or any death, sickness or disability benefits or by insurance or otherwise, for any director or former director who holds or has held any office or employment with the company, predecessor in business of the company or with any undertaking which is or has been a group company and for any member of his family (including a spouse or former spouse) or any person who is or was dependent on him, and may (before as well as after he ceases to hold such office or employment) contribute to any fund and pay premiums for the purchase or provision of any such benefit.

28. Directors' expenses

- (1) The company may pay any reasonable expenses which the directors properly incur in connection with their attendance at:
 - (a) meetings of directors or committees of directors,
 - (b) general meetings, or
 - (c) separate meetings of the holders of any class of shares or of debentures of the company,

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the company.

- (2) Subject to the Companies Acts, the directors shall have power to make arrangements to provide a director with funds to meet expenditure incurred or to be incurred by him for the purpose of the company or for the purpose of enabling him properly to perform his duties as an officer of the company or to avoid him incurring such expenditure.

Alternate Directors

29. Appointment and removal of alternate directors

- (1) Any director (other than an alternate director) (the “**appointor**”) may appoint as an alternate any other person (whether a director or not and without the approval of the directors), to:

- (a) exercise that director’s powers; and
- (b) carry out that director’s responsibilities,

in relation to the taking of decisions by the directors in the absence of the alternate’s appointor (such person known as an “**alternate director**”).

- (2) Any appointment or removal of an alternate must be effected by notice in writing to the company signed by the appointor, which shall take effect immediately upon receipt of the notice by the company in accordance with article 66, or in any other manner approved by the directors.

- (3) The notice must:

- (a) identify the proposed alternate; and
- (b) in the case of a notice of appointment, contain a statement signed by the proposed alternate that the proposed alternate is willing to act as the alternate of the director giving the notice.

- (4) Any person appointed as an alternate director may act as an alternate director for more than one director.

30. Rights and responsibilities of alternate directors

- (1) An alternate director has the same rights, in relation to any directors’ meeting and all meetings of committees of directors of which his appointor is a member or directors’ written resolutions, as the alternate’s appointor.

- (2) Except as the articles specify otherwise, alternate directors:

- (a) are deemed for all purposes to be directors;
- (b) are liable for their own acts and omissions;
- (c) are subject to the same restrictions as their appointor; and
- (d) are not deemed to be agents of or for their appointor.

- (3) Subject to the articles, a person who is an alternate director but not also a director:

- (a) may be counted as participating for the purposes of determining whether a quorum is participating (but only if that person’s appointor is not participating); and

- (b) may sign or otherwise indicate his agreement to a written resolution (but only if it is not signed or to be signed or otherwise agreed by that person's appointor).
- (4) No alternate who is not also a director may be counted as more than one director for the purposes set out in article 30(3).
- (5) Subject to the articles, a director who is also an alternate director has an additional vote on behalf of each appointor who:
 - (a) is not participating in a directors' meeting; and
 - (b) would have been entitled to vote if he was participating in it.
- (6) An alternate director is not entitled to receive any remuneration from the company for serving as an alternate director except such part of the alternate's appointor's remuneration as the appointor may direct by notice in writing made to the company.

31. Termination of alternate directorship

An alternate director's appointment as an alternate terminates:

- (a) when the alternate's appointor revokes the appointment by notice to the company in writing specifying when it is to terminate;
- (b) on the occurrence in relation to the alternate of any event which, if it occurred in relation to the alternate's appointor, would result in the termination of the appointor's appointment as a director;
- (c) on the death of the alternate's appointor; or
- (d) when the alternate's appointor's appointment as a director terminates.

Part 3

Shares and Distributions

Shares

32. All shares to be fully paid

- (1) No share is to be issued for less than the aggregate of its nominal value and any premium to be paid to the company in consideration for its issue.
- (2) This does not apply to shares taken on the formation of the company by the subscribers to the company's memorandum.

33. Powers to issue different classes of share

- (1) Subject to the articles, but without prejudice to the rights attached to any existing share, the company may issue further classes of shares with such rights or restrictions as may be determined by ordinary resolution or, if no such resolution has been passed or so far as the resolution does not make specific provision, as the directors may decide.
- (2) The company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the company or the holder, and the directors may determine the terms, conditions and manner of redemption of any such shares.
- (3) The rights, restrictions, terms and conditions attached to any shares issued pursuant to paragraph (1) or (2) of this article shall apply as if the same were set out in the articles.

34. Payment of commissions on subscription for shares

- (1) The company may pay any person a commission in consideration for that person:
 - (a) subscribing, or agreeing to subscribe for shares, or
 - (b) procuring, or agreeing to procure, subscriptions for shares.
- (2) Any such commission may be paid:
 - (a) in cash, or in fully paid shares or other securities, or partly in one way and partly in the other, and
 - (b) in respect of a conditional or an absolute subscription.

35. Exclusion of pre-emption rights

The pre-emption provisions in sections 561 and 562 of the Companies Act 2006 shall not apply to any allotment of equity securities made by the company.

36. Company not bound by less than absolute interests

Except as required by law, no person is to be recognised by the company as holding any share upon any trust, and except as otherwise required by law or the articles, the company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

37. Share certificates

- (1) The company must issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.

- (2) Every certificate must specify:
 - (a) in respect of how many shares, of what class, it is issued;
 - (b) the nominal value of those shares;
 - (c) that the shares are fully paid; and
 - (d) any distinguishing numbers assigned to them.
- (3) No certificate may be issued in respect of shares of more than one class.
- (4) If more than one person holds a share, only one certificate may be issued in respect of it and delivery of a certificate to the senior holder shall constitute delivery to all of them.
- (5) Certificates must:
 - (a) have affixed to them the company's common seal; or
 - (b) be otherwise executed in accordance with the Companies Acts.

38. **Consolidated and separate share certificates**

- (1) When a member's holding of shares of a particular class increases, the company may issue that member with:
 - (a) a single, consolidated certificate in respect of all the shares of a particular class which that member holds; or
 - (b) a separate certificate in respect of only those shares by which that member's holding has increased.
- (2) When a member's holding of shares of a particular class is reduced, the company must ensure that the member is issued with one or more certificates in respect of the number of shares held by the member after the reduction. However, the company need not (in the absence of a request from the member) issue any new certificate if:
 - (a) all the shares which the member no longer holds as a result of the reduction; and
 - (b) none of the shares which the member retains following the reduction,

were, immediately before the reduction, represented by the same certificate.
- (3) A member may request the company, in writing, to replace:
 - (a) the member's separate certificates with a consolidated certificate; or
 - (b) the member's consolidated certificate with two or more separate certificates representing such proportion of the shares as the member may specify.
- (4) When the company complies with such a request it may charge such reasonable fee as the directors may decide for doing so.
- (5) A consolidated certificate or separate certificates must not be issued unless any certificates which they are to replace have first been returned to the company for cancellation or the holder has complied with such conditions as to evidence and indemnity as the directors decide.

39. Replacement share certificates

(1) If a certificate issued in respect of a shareholder's shares is:

- (a) damaged or defaced; or
- (b) said to be lost, stolen or destroyed,

that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.

(2) A shareholder exercising the right to be issued with such a replacement certificate:

- (a) may at the same time exercise the right to be issued with a single certificate or separate certificates;
- (b) must return the certificate which is to be replaced to the company if it is damaged or defaced; and
- (c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the directors decide.

40. Share transfers

(1) Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the directors, which is executed by or on behalf of the transferor.

(2) The instrument of transfer must be lodged at the company's registered office or such other place as the directors have appointed, and must be accompanied by:

- (a) the certificate for the shares to which it relates; or
- (b) such other evidence or indemnity as the directors may require acting reasonably.

(3) No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.

(4) The company may retain any instrument of transfer which is registered.

(5) The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.

(6) The directors shall refuse to register the transfer of a share unless it is in accordance with the articles and may so refuse in any other instance, and if they do so, the instrument of transfer must be returned to the transferee with the notice of refusal, unless they suspect that the proposed transfer may be fraudulent.

41. Transmission of shares

(1) If title to a share passes to a transmittee, the company may only recognise the transmittee as having any title to that share.

(2) Subject to article 41(3), a transmittee who produces such evidence of entitlement to shares as the directors may properly require:

- (a) may, subject to the articles, choose either to become the holder of those shares or to have them transferred to another person, and

- (b) subject to the articles, and pending any transfer of the shares to another person, has the same rights as the holder from whom the transmittee derived such entitlement had.

- (3) Transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

42. **Exercise of transmittees' rights**

- (1) Transmittees who wish to become the holders of shares to which they have become entitled must notify the company in writing of that wish.
- (2) If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.
- (3) Any transfer made or executed under this article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

43. **Transmittees bound by prior notices**

If a notice is given to a shareholder in respect of shares and a transmittee (or any person nominated under article 41(2)) is entitled to those shares, the transmittee (and any person nominated under article 41(2)) is bound by the notice if it was given to the shareholder before the transmittee's name has been entered in the register of members.

44. **Procedure for disposing of fractions of shares**

- (1) This article applies where:
 - (a) there has been a consolidation or division of shares; and
 - (b) as a result, members are entitled to fractions of shares.
- (2) The directors may:
 - (a) sell the shares representing the fractions to any person including (subject to the Companies Acts) the company for the best price reasonably obtainable;
 - (b) authorise any person to execute an instrument of transfer of the shares to the purchaser or a person nominated by the purchaser; and
 - (c) distribute the net proceeds of sale in due proportion among the holders of the shares.
- (3) The person to whom the shares are transferred is not obliged to ensure that any purchase money is received by the person entitled to the relevant fractions.
- (4) The transferee's title to the shares is not affected by any irregularity in or invalidity of the process leading to their sale.

Dividends and Other Distributions

45. **Procedure for declaring dividends**

- (1) The company may by ordinary resolution declare dividends, and the directors may decide to pay interim dividends.

- (2) A dividend must not be declared unless the directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the directors.
- (3) No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.
- (4) Unless the shareholders' resolution to declare or directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares in the class in respect of which the dividend is paid on the date of the resolution or decision to declare or pay it. All dividends shall be apportioned and paid proportionately to the amounts paid up on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date, that share shall rank for dividend accordingly.
- (5) If the company's share capital is divided into different classes, no interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrear.
- (6) The directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for distribution justify the payment.
- (7) If the directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

46. **Payment of dividends and other distributions**

- (1) Where a dividend or other sum which is a distribution is payable in respect of a share, it must be paid by one or more of the following means:
 - (a) transfer to a bank or building society account specified by the distribution recipient either in writing or as the directors may otherwise decide;
 - (b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the directors may otherwise decide;
 - (c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the directors may otherwise decide; or
 - (d) any other means of payment as the directors agree with the distribution recipient either in writing or by such other means as the directors decide.
- (2) In the articles, "**the distribution recipient**" means, in respect of a share in respect of which a dividend or other sum is payable:
 - (a) the holder of the share;
 - (b) if the share has two or more joint holders, whichever of them is named first in the register of members (the "**senior holder**"); or
 - (c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

47. No interest on distributions

The company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by:

- (a) the terms on which the share was issued; or
- (b) the provisions of another agreement between the holder of that share and the company.

48. Unclaimed distributions

- (1) All dividends or other sums which are:

- (a) payable in respect of shares; and
- (b) unclaimed after having been declared or become payable,

may be invested or otherwise made use of by the directors for the benefit of the company until claimed.

- (2) The payment of any such dividend or other sum into a separate account does not make the company a trustee in respect of it.

- (3) If:

- (a) twelve years have passed from the date on which a dividend or other sum became due for payment; and
- (b) the distribution recipient has not claimed it,

the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the company.

49. Non-cash distributions

- (1) Subject to the terms of issue of the share in question, the company may, by ordinary resolution on the recommendation of the directors or by a decision of the directors, decide to pay all or part of a dividend or other distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).

- (2) For the purposes of paying a non-cash distribution, the directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the distribution:

- (a) fixing the value of any assets;
- (b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients; and
- (c) vesting any assets in trustees.

50. Waiver of distributions

Distribution recipients may waive their entitlement to a dividend or other distribution payable in respect of a share by giving the company notice in writing to that effect, but if:

- (a) the share has more than one holder; or

- (b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

51. **Distribution in specie on winding up**

If the company is wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by law, divide among the shareholders in specie the whole or any part of the assets of the company and may, for that purpose, value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the like sanction, vest the whole or any part of the assets in trustees upon such trusts for the benefit of the shareholders as he with the like sanction determines, but no member shall be compelled to accept any assets upon which there is a liability.

Capitalisation of Profits

52. **Authority to capitalise and appropriation of capitalised sums**

- (1) Subject to the articles, the directors may, if they are so authorised by an ordinary resolution:
 - (a) decide to capitalise any profits of the company (whether or not they are available for distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of any of the company's reserves or funds, including but not limited to the share premium account, capital redemption reserve, merger reserve or revaluation reserve; and
 - (b) appropriate any sum which they so decide to capitalise (a "**capitalised sum**") to the persons who would have been entitled to it if it were distributed by way of dividend (the "**persons entitled**") and in the same proportions.
- (2) Capitalised sums must be applied:
 - (a) on behalf of the persons entitled; and
 - (b) in the same proportions as a dividend would have been distributed to them.
- (3) Any capitalised sum may be applied in paying up new shares of a nominal amount equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.
- (4) A capitalised sum which was appropriated from profits available for distribution may be applied in paying up new debentures of the company which are then allotted credited as fully paid to the persons entitled or as they may direct.
- (5) Subject to the articles the directors may:
 - (a) apply capitalised sums in accordance with paragraphs (3) and (4) partly in one way and partly in another;
 - (b) make such arrangements as they think fit to deal with shares or debentures becoming distributable in fractions under this article (including the issuing of fractional certificates or the making of cash payments); and

- (c) authorise any person to enter into an agreement with the company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares and debentures to them under this article.

Part 4

Decision-Making by Shareholders

Organisation of General Meetings

53. Attendance and speaking at general meetings

- (1) A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.
- (2) A person is able to exercise the right to vote at a general meeting when:
 - (a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting; and
 - (b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.
- (3) The directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.
- (4) In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.
- (5) Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.
- (6) If, and for so long as, the company has only one member, that member present in person or by proxy shall be a quorum at any general meeting of the company or of the holders of any class of shares.

54. Quorum for general meetings

No business other than the appointment of the chairman of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum.

55. Chairing general meetings

- (1) The person chairing a meeting in accordance with this article is referred to as “**the chairman of the meeting**”.
- (2) If the directors have appointed a chairman, the chairman shall chair general meetings if present and willing to do so.
- (3) If the directors have not appointed a chairman, or if the chairman is unwilling to chair the meeting or is not present within ten minutes of the time at which a meeting was due to start:
 - (a) the directors present; or
 - (b) (if no directors are present), the meeting,

must appoint a director or shareholder to chair the meeting, and the appointment of the chairman of the meeting must be the first business of the meeting.

56. Attendance and speaking by directors and non-shareholders

- (1) Directors may attend and speak at general meetings, whether or not they are shareholders.
- (2) The chairman of the meeting may permit other persons who are not:
 - (a) shareholders of the company; or
 - (b) otherwise entitled to exercise the rights of shareholders in relation to general meetings,
 to attend and speak at a general meeting.

57. Adjournment

- (1) If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairman of the meeting must adjourn it.
- (2) The chairman of the meeting may adjourn a general meeting at which a quorum is present if:
 - (a) the meeting consents to an adjournment; or
 - (b) it appears to the chairman of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.
- (3) The chairman of the meeting must adjourn a general meeting if directed to do so by the meeting.
- (4) When adjourning a general meeting, the chairman of the meeting must:
 - (a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the directors; and
 - (b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.
- (5) If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given):
 - (a) to the same persons to whom notice of the company's general meetings is required to be given; and
 - (b) containing the same information which such notice is required to contain.
- (6) No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

Voting at General Meetings

58. Voting: general

A resolution put to the vote of a general meeting must be decided on a show of hands unless a poll is duly demanded in accordance with the articles.

59. **Errors and disputes**

- (1) No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid.
- (2) Any such objection must be referred to the chairman of the meeting, whose decision is final.

60. **Poll votes**

- (1) A poll on a resolution may be demanded:
 - (a) in advance of the general meeting where it is to be put to the vote, or
 - (b) at a general meeting, either before a show of hands on that resolution or immediately after the result of a show of hands on that resolution is declared.
- (2) A poll may be demanded by:
 - (a) the chairman of the meeting;
 - (b) the directors;
 - (c) two or more persons having the right to vote on the resolution;
 - (d) a person or persons representing not less than one tenth of the total voting rights of all the shareholders having the right to vote on the resolution; or
 - (e) a person or persons holding shares in the company conferring a right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than 10% of the total sum paid up on all the shares conferring that right.

A demand for a poll by a proxy counts, for the purposes of paragraph (c) above, as a demand by a member, for the purposes of paragraph (d) above, as a demand by a member representing the voting rights that the proxy is authorised to exercise, and, for the purposes of paragraph (e) above, as a demand by a member holding the shares to which those rights are attached.

- (3) A demand for a poll may be withdrawn if:
 - (a) the poll has not yet been taken, and
 - (b) the chairman of the meeting consents to the withdrawal.
- (4) Polls must be taken immediately and in such manner as the chairman of the meeting directs.

61. **Content of proxy notices**

- (1) Proxies may only validly be appointed by a notice in writing (a “**proxy notice**”) which:
 - (a) states the name and address of the shareholder appointing the proxy;
 - (b) identifies the person appointed to be that shareholder’s proxy and the general meeting in relation to which that person is appointed;
 - (c) is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the directors may determine; and

- (d) is delivered to the company in accordance with the articles and any instructions contained in the notice of the general meeting (or adjourned meeting) to which they relate.
- (2) The company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.
- (3) Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.
- (4) Unless a proxy notice indicates otherwise, it must be treated as:
 - (a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and
 - (b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

62. **Delivery of proxy notices**

- (1) A person who is entitled to attend, speak or vote (either on a show of hands or on a poll) at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the company by or on behalf of that person.
- (2) An appointment under a proxy notice may be revoked by delivering to the company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.
- (3) A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.
- (4) The directors may require the production of any evidence which they consider necessary to determine the validity of any proxy notice.

63. **Amendments to resolutions**

- (1) An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if:
 - (a) notice of the proposed amendment is given to the company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairman of the meeting may determine); and
 - (b) the proposed amendment does not, in the reasonable opinion of the chairman of the meeting, materially alter the scope of the resolution.
- (2) A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if:
 - (a) the chairman of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed; and
 - (b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.
- (3) If the chairman of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairman's error does not invalidate the vote on that resolution.

64. **Class meetings**

The provisions of the articles relating to general meetings shall apply, with any necessary modifications, to any separate general meeting of the holders of shares of a class. For this purpose, a general meeting at which no holder of a share other than an ordinary share may, in his capacity as a member, attend or vote shall also constitute a separate general meeting of the holders of the ordinary shares.

Part 5

Administrative Arrangements

65. Means of communication to be used

- (1) Subject to the articles, anything sent or supplied by or to the company under the articles may be sent or supplied in any way in which the Companies Act 2006 provides for documents or information which are authorised or required by any provision of that Act to be sent or supplied by or to the company.
- (2) Subject to the articles, any notice or document to be sent or supplied to a director in connection with the taking of decisions by directors may also be sent or supplied by the means by which that director has asked to be sent or supplied with such notices or documents for the time being.
- (3) A director may agree with the company that notices or documents sent to that director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

66. When notice or other communication deemed to have been received

- (1) Any notice, document or information sent or supplied by the company to the shareholders or any of them:
 - (a) by post, shall be deemed to have been received 24 hours after the time at which the envelope containing the notice, document or information was posted unless it was sent by second class post, or there is only one class of post, or it was sent by air mail to an address outside the United Kingdom, in which case it shall be deemed to have been received 48 hours after it was posted. Proof that the envelope was properly addressed, prepaid and posted shall be conclusive evidence that the notice, document or information was sent;
 - (b) by being left at a shareholder's registered address, or such other postal address as notified by the shareholder to the company for the purpose of receiving company communications, shall be deemed to have been received on the day it was left;
 - (c) by electronic means, shall be deemed to have been received 24 hours after it was sent. Proof that a notice, document or information in electronic form was addressed to the electronic address provided by the shareholder for the purpose of receiving communications from the company shall be conclusive evidence that the notice, document or information was sent; and
 - (d) by making it available on a website, shall be deemed to have been received on the date on which notification of availability on the website is deemed to have been received in accordance with this article or, if later, the date on which it is first made available on the website.
- (2) A member present at a meeting of the company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

67. Company seals

- (1) Any common seal may only be used by the authority of the directors.
- (2) The directors may decide by what means and in what form any common seal is to be used.

- (3) Unless otherwise decided by the directors, if the company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.
- (4) For the purposes of this article, an authorised person is:
- (a) any director of the company;
 - (b) the company secretary (if any); or
 - (c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied.
- (5) Notwithstanding the above, the company may execute any deed, agreement or other document by any means permitted by the Companies Acts.

68. No right to inspect accounts and other records

Except as provided by law or authorised by the directors or an ordinary resolution of the company, no person is entitled to inspect any of the company's accounting or other records or documents merely by virtue of being a shareholder.

69. Provision for employees on cessation of business

The directors may decide to make provision for the benefit of persons employed or formerly employed by the company or any of its subsidiaries (other than a director or former director or shadow director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

Directors' Indemnity and Insurance

70. Indemnity

- (1) Subject to paragraph (4), a relevant director may be indemnified out of the company's assets against:
- (a) any liability incurred by that director in connection with any negligence, default, breach of duty or breach of trust in relation to the company or an associated company;
 - (b) any liability incurred by that director in connection with the activities of the company or an associated company in its capacity as a trustee of an occupational pension scheme; and
 - (c) any other liability incurred by that director as an officer of the company or an associated company.
- (2) The company may fund a relevant director's expenditure for the purposes permitted under the Companies Acts and may do anything to enable a relevant director to avoid incurring such expenditure as provided in the Companies Acts.
- (3) No relevant director shall be accountable to the company or the members for any benefit provided pursuant to this article and the receipt of any such benefit shall not disqualify any person from being or becoming a director of the company.
- (4) This article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law.

71. **Insurance**

The directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant director in respect of any relevant loss.

72. **Definitions**

In articles 70 and 71:

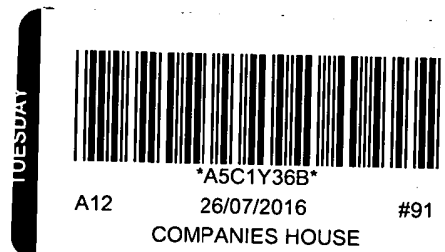
- (a) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate;
- (b) a "**relevant director**" means any director, former director, alternate director or company secretary of the company or an associated company; and
- (c) a "**relevant loss**" means any loss or liability which has been or may be incurred by a relevant director in connection with that director's duties or powers in relation to the company, any associated company or any pension fund or employees' share scheme of the company or associated company.

SF INVESTMENT MANAGEMENT LIMITED

**DIRECTORS' REPORT
AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2015**

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SF INVESTMENT MANAGEMENT LIMITED

STRATEGIC REPORT

The Directors present their strategic report on SF Investment Management Limited (also referred to as the "Company") for the period ended 31 December 2015.

The Company is a wholly owned subsidiary of the "Shell Foundation Group", and was incorporated on the 5th February 2015.

BUSINESS REVIEW

The principal activities of the Company are to invest in small growing businesses (SGB) within Iraq to further employment in the country. The Company was established under a Cooperation Agreement with USAID. GroFin has been chosen as the key strategic partner to further the aims of the Company and manage the distribution of funds to carefully selected SGBs in Iraq. Shell Foundation has had successful relationship with GroFin in a number of ventures for many years.

The Company recorded a loss for the period of \$9 thousand. This was principally due to the recognition of statutory audit fees. The only other transaction relates to the establishment of the Company by subscription of \$4 million share capital from Shell Foundation (the "parent entity"), provided from USAID restricted funds.

The Directors consider that the period-end financial position of the Company was satisfactory and have started to disburse funds to GroFin in 2016 to achieve the Company objectives.

The parent entity approved the preparation of the financial statements under the new reporting framework, Financial Reporting Standard 102. There are no transition adjustments as the Company was incorporated during 2015.

Principal Risks and Uncertainties

Shell Foundation has a single risk based control framework to identify and manage risks. The Shell Foundation Control Framework applies to the Company. The Company will invest in small growing businesses (SGB) in Iraq with the inherent risk of insolvency of individual enterprises. This is mitigated by due diligence and business support provided by an experienced and specialist fund manager in this segment with investments structured in an appropriate way to minimise losses (e.g. debt instruments over equity). The fund will also invest in many different SGBs limiting the impact of individual defaults

Key Performance Indicators

The primary performance metric for the Company will be the number of jobs created in Iraq. Since the Company has not yet started trading, there is no data to report for 2015.

By order of the Board



Harvey Bootland
Director
SF Investment Management Limited
20 July 2016

SF INVESTMENT MANAGEMENT LIMITED

DIRECTORS' REPORT

The Directors present their report and audited financial statements for the period ended 31 December 2015.

The Directors' report and audited financial statements of the Company have been prepared in accordance with the Companies Act 2006.

Dividends

The Directors do not recommend a dividend be paid for the period ended 31 December 2015.

Future Outlook

The Company has been established during 2015 with \$4 million of share capital and will seek to invest in small growing businesses within Iraq in 2016. The Company will retain sufficient liquid funds to remain solvent.

DIRECTORS

The Directors of the Company who served throughout the period and to the date of this report (except as noted) were:

Amanda Burston	Appointed 5 th February 2015	Resigned 14 th July 2016
Harvey Bootland	Appointed 19 th November 2015	
Pradeep Pursnani	Appointed 5 th February 2015	
Rachel Singh	Appointed 5 th February 2015	
Paul Suller	Appointed 27 th January 2016	

Secretary:

Shell Corporate Secretary Ltd

The Directors benefited from Directors' and Officers' liability insurance throughout the period and to the date of this report. This insurance is arranged by Royal Dutch Shell plc without charge to the Company.

REGISTERED OFFICE

Shell Centre, York Road, London, SE1 7NA

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
1 Embankment Place, London, WC2N 6RH

FINANCIAL RISK MANAGEMENT

The principal currency of the Company is the US dollar (\$). No hedging or other financial instruments have been entered into.

EVENTS AFTER THE END OF THE REPORTING PERIOD

Funds have been disbursed to GroFin in the sum of \$2 million after the year-end in furtherance of the Company's objectives.

SF INVESTMENT MANAGEMENT LIMITED

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

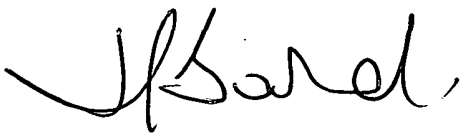
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

In so far as the Directors are aware:

(a) there is no relevant audit information of which the company's auditors are unaware; and

(b) they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

The financial statements on pages 7 to 15 were approved by the Board of Directors on 20 July 2016 and signed on its behalf by:



Harvey Bootland
Director
SF Investment Management Limited
20 July 2016

Independent auditors' report to the members of SF Investment Management Limited

Report on the financial statements

Our opinion

In our opinion, SF Investment Management Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the 11 month period (the "period") 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.
-

What we have audited

The financial statements, included within the Directors' Report and Accounts (the "Annual Report"), comprise:

- the balance sheet as at 31 December 2015;
- the profit and loss account for the period then ended;
- the statement of changes in equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters 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 Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements;
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Jill Halford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

20 July 2016

SF INVESTMENT MANAGEMENT LIMITED
REGISTERED IN ENGLAND AND WALES: 09425215
PROFIT AND LOSS ACCOUNT
For the period ended 31 December 2015

Continuing operations

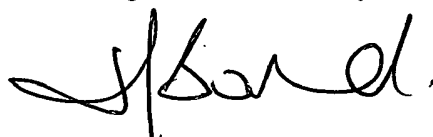
	Note	2015 \$ thousands
Distribution costs		
Administrative expenses	4	(8.9)
OPERATING LOSS		(8.9)
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAXATION		(8.9)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		(8.9)
Tax on profit/(loss) on ordinary activities	5	-
LOSS FOR THE PERIOD		(8.9)
Total comprehensive income for the period		(8.9)

The loss for the current period is equal to the total comprehensive income and accordingly a separate statement of comprehensive income has not been presented.

SF INVESTMENT MANAGEMENT LIMITED
REGISTERED IN ENGLAND AND WALES: 09425215
BALANCE SHEET
As at 31 December 2015

	Note	2015 \$ thousands
FIXED ASSETS		
Investments		-
		-
CURRENT ASSETS		
Debtors		-
Cash and cash equivalents		4,000.0
		4,000.0
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	6	(8.9)
NET CURRENT ASSETS		3,991.1
TOTAL ASSETS LESS CURRENT LIABILITIES		3,991.1
NET ASSETS		3,991.1
EQUITY		
Called up share capital		4,000.0
Profit and loss account		(8.9)
TOTAL EQUITY		3,991.1

The financial statements on pages 7 to 15 were approved by the Board of Directors on 20 July 2016 and were signed on its behalf by:



Harvey Bootland
Director
SF Investment Management Limited
20 July 2016

SF INVESTMENT MANAGEMENT LIMITED
REGISTERED IN ENGLAND AND WALES: 09425215
STATEMENT OF CHANGES IN EQUITY

For the period ended 31 December 2015

	Note	Called-up Share Capital \$ thousands	Profit and loss account \$ thousands	Total \$ thousands
Balance as at 1 January 2015		-	-	-
Loss for the period		-	(8.9)	(8.9)
Total comprehensive income for the period		-	(8.9)	(8.9)
Proceeds from shares issued		4,000.0	-	4,000.0
Dividends paid	8	-	-	-
Balance as at 31 December 2015		4,000.0	(8.9)	3,991.1

SF INVESTMENT MANAGEMENT LIMITED
REGISTERED IN ENGLAND AND WALES: 09425215
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2015

General company information

The Company is a limited company, which is incorporated in England, and is a wholly owned subsidiary of Shell Foundation. The registered office is Shell Centre, London, United Kingdom, SE1 7NA. The Company will invest in small and growing businesses in Iraq to further employment in the country.

1. Summary of significant accounting policies

a. Basis of preparation

The financial statements have been prepared in accordance with United Kingdom accounting standards including Financial Reporting Standard 102. The financial statements have been prepared on a going concern basis under the historical cost convention, except for certain items measured at fair value, and in accordance with the Companies Act 2006.

b. Consolidation

The immediate and ultimate parent company is Shell Foundation, which is incorporated in England and Wales. The Company has agreed with the shareholder that a separate cashflow statement is not required in accordance with the exemption available in FRS102.

The consolidated accounts of Shell Foundation are available from:
<http://www.shellfoundation.org/About-Us/Financials>

c. Taxation

(i) Corporation tax

The Company records a tax charge or credit in profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity which is calculated at the tax rate prevailing in the year for tax payable to HM Revenue and Customs, or for group relief to surrender to or to be received from other Group undertakings, and for which payment may be requested.

(ii) Deferred tax

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the temporary differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

SF INVESTMENT MANAGEMENT LIMITED

REGISTERED IN ENGLAND AND WALES: 09425215

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2015

2. Summary of significant accounting policies continued

c. Taxation continued

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Amounts relating to deferred tax are undiscounted.

d. Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in 'US dollars' (\$, or USD), which is also the Company's functional currency. The Company's sole source of funds is ultimately USAID grants denominated in USD, and the largest payments (to GroFin), are made in USD.

(iii) Transaction and balances

Income and expense items denominated in foreign currencies are translated into USD at the rate ruling on their transaction date.

Monetary assets and liabilities recorded in foreign currencies have been expressed in US dollars at the rates of exchange ruling at the period-end. Differences on translation are included in the profit and loss account. Non-monetary assets and liabilities denominated in a foreign currency are translated using exchange rates at the date of the transaction. No subsequent translations are made once this has occurred.

e. Financial assets

(i) Classification

The assets will predominately relate to long-term investments in Iraq small and growing businesses, currently managed exclusively via a GroFin investment fund. As at period-end, the only asset of the company was cash held in a Lloyds Bank current account pending investment in Iraq.

(ii) Recognition and measurement

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership. Since it may not be possible to reliably value investments in the small growing businesses in Iraq, historical cost less any indication of impairment will be applied at a fund level in cooperation with the fund manager.

SF INVESTMENT MANAGEMENT LIMITED

REGISTERED IN ENGLAND AND WALES: 09425215

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2015

1. Summary of significant accounting policies (continued)

f. Financial liabilities

(i) Classification

The Company classifies its financial liabilities at amortised cost. The classification depends on the nature of the underlying liabilities, with management determining the classification of financial liabilities at initial recognition. The only liability at period-end relates to current trade creditors.

g. Cash and cash equivalents

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

h. Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. All obligations are current at period-end.

i. Turnover

The company has no current trading activities or turnover.

j. Provisions

No provisions have been recognised in the accounts.

k. Interest income

Interest income will be recognised when receivable by the Company.

l. Related party disclosures

The Company is a wholly owned subsidiary of Shell Foundation; related party transactions are included as a note to the accounts.

m. Financial guarantees

No guarantees are planned to be issued by the Company

SF INVESTMENT MANAGEMENT LIMITED

REGISTERED IN ENGLAND AND WALES: 09425215

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2015

2. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

a. Impairment of investments

For the purposes of determining whether impairment of investments has occurred, and the extent of any impairment or its reversal, management primarily review the forecast future cash flows provided by the fund manager (GroFin).

Changes in assumptions could affect the carrying amounts of assets, and impairment charges and reversals will affect income.

3. Geographical market

All of the Company's loss on ordinary activities before tax and net assets are derived from its principal activities and originate in the UK during 2015 – i.e. receipt of funds from Shell Foundation and recognition of audit fees from PWC in the UK. The Company will in future operate mainly in Iraq via a USD denominated fund.

4. Operating loss is stated after charging:

	2015
	\$ thousands
Fees payable to the Company's auditor for the audit of the Company's annual accounts	8.9

5. Tax on loss on ordinary activities before taxation

No deferred tax has been applied to the current year loss as the receipt of future taxable income is not certain.

SF INVESTMENT MANAGEMENT LIMITED
REGISTERED IN ENGLAND AND WALES: 09425215
NOTES TO THE FINANCIAL STATEMENTS (continued)
For the period ended 31 December 2015

6. Creditors: amounts falling due within one year

	2015
	\$ thousands
Trade creditors	8.9
	<hr/>
	8.9
	<hr/>

7. Financial instruments

The Company has the following financial instruments:

	2015
	\$ thousands
Financial liabilities measured at amortised cost:	
Trade creditors	8.9
	<hr/>
	8.9
	<hr/>

8. Share capital and other reserves

Ordinary shares of \$1 each	2015	2015
	Number	\$
	thousands	thousands
Allotted and fully paid		
At 1 st January 2015	-	-
	<hr/>	<hr/>
Issued during the year	4,000	4,000
	<hr/>	<hr/>
As at 31 st December 2015	4,000	4,000
	<hr/>	<hr/>

4,000,001 ordinary shares of \$1 each were issued during 2015 with restricted funds that Shell Foundation received from USAID.

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

9. Dividends

No dividends have been declared.

10. Directors

None of the Directors received any emoluments in respect of their services to the Company.

SF INVESTMENT MANAGEMENT LIMITED

REGISTERED IN ENGLAND AND WALES: 09425215

NOTES TO THE FINANCIAL STATEMENTS (continued)

For the period ended 31 December 2015

11. Capital and other commitments

The Company has committed to disburse \$28.66 million to GroFin fund managers for investment in small growing business in Iraq subject to Shell Foundation receiving \$30 million from USAID and increasing the Company paid-up share capital accordingly; \$3.7 million of the current Company funds are committed to GroFin with the remainder being available for Company operating costs to the extent that these are incurred, or otherwise available for investment in GroFin's Nomou fund.

12. Events after the end of the reporting period

After the year-end, and by the date of this report, \$2 million of the Company's funds have been disbursed to GroFin for investment in SGBs in Iraq.

13. Related Party Transactions

The Company received cash of \$4 million from the Shell Foundation in exchange for an equivalent number of shares issued at par. There are no other material transactions, although Shell Foundation staff have provided services to the Company from time-to-time without charge.