SHELL CONTRIBUTORY PENSION FUND

Annual Report of the Trustee

and

Financial Statements for the Year Ended

31 December 2022

Fund Registration No: 10014511

Contents

Trustee and Advisors

Trustee:	Shell Pensions Trust Limited
Registered Office:	Shell Centre, London SE1 7NA

Company Nominated Directors (CNDs):

Mr T D R Morrison	Chair of the Trustee Board
Mr A J Davies	
Ms I Button	
Mr I Franklin	

Member Nominated Directors (MNDs):

Ms N Uba-Machie	Appointed 1 January 2022
Mr R M Hussain	Appointed 1 January 2022
Mr F A Johnson	
Mrs S L Jones	

Secretary to the Trustee Company:	Ms A J Burston, Pensions Manager, Trustee Services Unit, Shell International Limited, Shell Centre, London SE1 7NA
Pension Fund Administrator:	Shell International Limited, Trustee Services Unit
Actuary:	Mr M Webb FIA, Aon Solutions UK Limited, Parkside House, Ashley Road, Epsom, Surrey KT18 5BS
Independent Auditor:	Ernst & Young LLP, R+, 2 Blagrave Street, Reading, RG1 1AZ
Legal Advisors:	Shell International Limited, Shell Centre, London, SE1 7NA Hogan Lovells LLP, Atlantic House, Holborn Viaduct, London EC1A 2FG
Investment Manager:	Shell Asset Management Company B.V., Carel Van Bylandtlaan 30, The Hague, 2596 HR, Netherlands
Investment Manager Direct Property Portfolio:	CBRE Global Investors Limited, Third Floor, One New Change, London, EC4M 9AF
Investment Consultant:	Aon Investments Limited, The Aon Centre, The Leadenhall Building, 13th Floor, 122 Leadenhall Street, London EC3V 4AN
Investment Custodian:	JPMorgan Chase Bank N.A., 125 London Wall, London EC2Y 5AJ
Bankers:	Citibank NA London, 25 Canada Square, Canary Wharf, London E14 5LB, UK
AVC Managers:	Legal & General Assurance Society Limited, Ground Floor Knox Court, 10 Fitzalan Place, Cardiff, CF24 0EB ReAssure Limited, Windsor House, Telford Centre, Overdale, Telford, TF3 4NB Aviva, PO Box 520, Norwich, NR 1 3WG
Name and address for enquiries:	Ms A J Burston, Pensions Manager, Trustee Services Unit, Shell International Limited, Shell Centre, London SE1 7NA (Further Pension Fund contacts can be found on page 5)

Trustee's Report for the year ended 31 December 2022

The Trustee presents the following report covering the year ended 31 December 2022, together with the Pension Fund Financial Statements and supporting Schedules as at 31 December 2022.

Constitution and Management of the Shell Contributory Pension Fund

The Shell Contributory Pension Fund (SCPF), (the Fund), is a defined benefit pension fund and is governed by a Trust Deed, dated 7 March 1949, as amended from time to time. The Fund is administered by Shell Pensions Trust Limited, which is the Trustee of the Fund and holds the Fund on trust to apply it for the purpose of paying pensions and other benefits in accordance with the Trust Deed and Regulations. The SCPF is a registered pension scheme under Chapter 2 of the Finance Act 2004, for HM Revenue and Customs purposes. The Trustee contracts for services for the administration of the Fund with Shell International Limited, Trustee Services Unit and the investment management with Shell Asset Management Company B.V., The Netherlands ('SAMCo') (the Investment Manager).

There are written agreements in place between the Trustee and each of the Fund's advisors listed on page 1 of this report.

Closure of the SCPF to New Hires

The SCPF was open to eligible employees up to and including 28 February 2013 when the Shell Companies formally closed the Fund to new hires.

Financial Statements

The financial statements included in this annual report are the financial statements required by the Pensions Act 1995. They have been prepared and audited in compliance with regulations made under sections 41(1) and (6) of that Act.

Member Companies of the Fund

The Member Companies as at 31 December 2022 were:

- The Shell Petroleum Company Limited (Founding Company)
- Shell Petroleum N.V. (Founding Company)
- Derivatives Trading Atlantic Limited
- Shell Catalysts & Technologies Limited
- Shell Chemicals Limited
- Shell Information Technology International Limited
- Shell International Petroleum Company Limited
- Shell International Trading and Shipping Company Limited
- Shell International Limited
- Shell UK Limited
- Shell UK Oil Products Limited

On 17 May 2022 Shell Research Limited ('SRL') and The Shell Transport and Trading Company Limited ('STT') terminated their membership of the Fund. SRL entered into a flexible apportionment arrangement with the Trustee and Shell International Petroleum Company Limited ('SIPC'), whereby SIPC took responsibility for SRL's liabilities to the SCPF. STT entered into a contractual apportionment arrangement with the Trustee and Shell International Trading and Shipping Company Limited ('STASCO'), whereby STASCO took responsibility for STT's liabilities to the SCPF.

The Trustee

Subject to the requirements of the Pensions Act 1995 the power of appointing and removing the Trustee vests in the Founding Companies, Shell Petroleum N.V. and The Shell Petroleum Company Limited.

The composition of the Board of Shell Pensions Trust Limited during 2022 is shown below:

Member Nominated Trustee Directors (MNDs):	4
of whom Employed Members	1
of whom Pensioners/Deferred Members	3
Company Nominated Trustee Directors (CNDs):	4
of whom Employed Members	2
of whom Pensioners	2
Total	8

The Board consists of one half of the Directors selected by the Members and dependants (MNDs) and one half of the Directors selected by the sponsor as company nominees (CNDs). The Trustee appoints MNDs pursuant to arrangements that are put in place as prescribed by law. The term of office for an MND is generally four years.

The Directors meet at least quarterly to review the performance and administration of the Fund.

In recognition of the efforts required by Directors to carry out their responsibilities, remuneration of pensioner/deferred Member Directors is paid for by the SCPF.

Changes to the Trustee Board

The membership of the Board is shown on page 1.

Mrs M C D Corrie and Mr G Bryant resigned as directors on 31 December 2021 when their terms of office expired. As a result of the MND selection exercise held in 2021, Mr R M Hussain and Ms N Uba-Machie were appointed in their place from 1 January 2022, as noted in the 2021 Annual Trustee Report.

Trust Deed and Regulations

Amendments were made during 2022 to the Trust Deed and Regulations of the Fund. The amendments were made in respect of the rules governing the power to enter into contracts of insurance and the rules governing the administration of benefits pursuant to a pension sharing order following the divorce of a member.

Trustee Knowledge and Understanding (TKU)

Training sessions, on specific topics and general updates, have been provided for Trustee Directors during 2022. The training was delivered by the Trustee Services Unit and the Trustee's professional advisers. Training is recorded and regularly reviewed to identify future training needs.

Risk Assessment

The Trustee acknowledges its obligation to ensure that appropriate controls are in place to enable it to meet its obligations. As part of the assurance process the Trustee has undertaken a risk assessment of the key risks and processes and reviews the risk assessment in depth annually. Ongoing review and monitoring of risks takes place with advisors and service providers and updates are included as part of Board and Committee meetings as appropriate.

Trustee Board Attendance Record

Committee structure, remits and delegations were revised effective 1 January 2022 in order to improve Board focus on most important issues and decisions, including the long-term strategy for the Fund. The changes bring funding and investment together and enable increased focus on risk management and member experience. The new Investment and Funding Committee and Risk and Operations Committee (replacing the Investment Committee and Technical and Communications Committee) meet at least quarterly.

A new Remuneration Committee was established effective 1 January 2022 to determine the remuneration for non-Shell-employed trustee directors. This committee comprises of only employed, therefore non-conflicted, trustee directors.

A summary of the Board and Committee Meeting attendance record for 2022 is shown in the following tables:

Directors	Board	Risk & Operations	Investment & Funding	Remuneration
	Meetings	Committee	Committee	Committee
I Button	4/4		4/4	1/1
A J Davies	4/4		4/4	
I Franklin	4/4	4/4		1/1
R M Hussain	4/4	4/4		
F A Johnson	4/4	4/4		1/1
S L Jones	4/4		4/4	
T D R Morrison	4/4	2/2	4/4	
N Uba-Machie	4/4	4/4		

A/T = number of meetings attended/total number of meetings possible to attend

Mr Morrison was a member of the Risk and Operations and the Investment and Funding Committees until 30th June 2022; he attended the Risk and Operations Committee meetings in Q3 and Q4 2022 as a guest.

In addition to the regular quarterly meetings, the following additional meetings were held:

Directors	Board	Investment & Funding
	Meetings	Committee
I Button	1/3	2/2
A J Davies	3/3	2/2
I Franklin	1/3	
R M Hussain	3/3	
F A Johnson	3/3	
S L Jones	3/3	2/2
T D R Morrison	3/3	2/2
N Uba-Machie	2/3	

These meetings were held at short notice to approve opportunities to reduce funding risk. Directors who did not attend had an opportunity in advance to provide comments.

Member Communications

The Trustee and Company provide a website for Shell Pensions in the UK www.pensions.shell.co.uk which includes information about the SCPF. The following communications are available on the website: the SCPF Explanatory Booklet, the AVC booklet, the annual newsletter "the Source", various Factsheets and the Annual Report & Financial Statements. Copies of the Trust Deed and Regulations are available on request from the Pensions Administration Team or the Fund Secretary/Trustee.

For information about their own pension benefits Members should contact the Pensions Team email UK-PensionsAdmin@shell.com, telephone 020 7934 1190.

For queries Members would like to raise with the Trustee which are not covered by the website or the Pensions Team, they should contact the Scheme Secretary, Shell Pensions Trust Limited, Shell Centre, York Road, London SE1 7NA, email SCPFtrustee@shell.com.

Active and Deferred Members of the Fund receive a personal annual benefit statement which illustrates the various benefits payable from the Fund in different circumstances.

Membership of the Fund

The overall changes in the membership of the Fund during the year were:

	As at 31 December 2022	As at 31 December 2021
Employed Members	2,242	2,396
Salary-linked[1]	371	437
Deferred Members	6,800	7,143
Pensioners	26,394	26,776
	35,807	36,752

[1] These are employed Members of the SOCPF* that have salary-linked non-accruing benefits in the SCPF

	Employed Members	Salary-linked	Deferred Members	Pensioners	Total
Members at 31 December 2021	2,396	437	7,143	26,776	36,752
Transfers from SOCPF	90	(90)			-
Transfers from SOCPF (new)	24				24
Transfers from SOCPF (leavers)		(22)	22		-
Transfers to SOCPF	(49)	49			-
Retirements	(41)		(406)	447	-
New dependants and Pensions Sharing Orders				424	424
Deaths/ceased	(1)		(12)	(1,253)	(1,266)
Leavers: deferred benefits	(177)		177		-
Transfers out		(3)	(124)		(127)
Members at 31 December 2022	2,242	371	6,800	26,394	35,807

* Shell Overseas Contributory Pension Fund

There are 6,919 dependants included within pensioners at the year end (2021: 7,006).

Pensions

The Fund has two main benefit sections, one for Members who joined before 1 January 2009 (the Pre-2009 Section) and one for Members who joined on or after 1 January 2009 (the Post-2009 Section). The Post-2009 Section applies to existing SCPF Members at 28 February 2013 who joined the Fund after 1 January 2009. The Fund formally closed to new hires on and with effect from 1 March 2013. As a consequence, new hires and rehires cannot join the Fund. However existing employed Members of the Shell Overseas Contributory Pension Fund may join the Fund as employed Members on their return to the UK subject to the requirements of the Trust Deed.

Pensions accrue at the rate of one fifty fourth of Final Pensionable Salary for each year of Pensionable Service for Members of the Pre-2009 Section and at the rate of one sixtieth of Final Pensionable Salary for each year of Pensionable Service for Members of the Post-2009 Section. Final Pensionable Salary for Pre-2009 Section Members is defined as Pensionable Salary at the date of leaving Company service. Final Pensionable Salary for Post-2009 Section Members is defined as the highest average annual Pensionable Salary during any 36 consecutive months in the last five years of Pensionable Service.

Pension Age

Pension Age is 60 for Members of the Pre-2009 Section and 65 for Members of the Post-2009 Section. The Explanatory Booklet gives details of exceptions for some categories of service before 1 January 1986.

Schemes Transferred into the SCPF

The Shell-Mex and BP Group Contributory Pension Fund, COLAS Pension and Assurance Scheme, Enterprise Oil Pension Scheme and Moplefan (UK) Limited Pension Scheme, which transferred into the SCPF, are separate benefit sections and each have their own rules relating to benefits. The Trust Deed and Regulations of the Fund were amended on 4 March 2010 to document explicitly the benefits for the absorbed scheme sections mentioned above and were amended on 25 November 2010 to confirm that pension increases in the COLAS Pension and Assurance Scheme section follow the SCPF Pre-2009 Section cost of living rules. The Lensbury Retirement Benefits Scheme A which transferred into the SCPF specifically follows the SCPF benefit structure and so is covered by the SCPF Pre-2009 Section.

Pension Increases

Pensions for Members of the Pre-2009 Section, whether in payment or prospectively payable, are increased each year by 7% or increased by the movement in the Retail Prices Index (RPI) over the 12 months to December if lower. Pensions for Members of the Post-2009 Section, whether in payment or prospectively payable, are increased each year by 5% or the increase in the RPI if lower. The Founding Companies may request the Trustee to approve greater increases. Enterprise Oil Pension Scheme and Moplefan (UK) Limited Pension Scheme have their own pension increase rules. The Shell-Mex and BP Group Contributory Pension Fund and COLAS Pension and Assurance Scheme specifically follow the SCPF Pre-2009 Section pension increase rules.

Pension Increases to Pensions and Deferred Pensions – 2022

Up to Guaranteed Minimum Pension (GMP) Age (60 for females and 65 for males), pension increases are applied to a Fund pension including any GMP entitlement. From GMP Age onwards, Fund increases are only applied to that part of the pension in excess of any part of the pension which represents a GMP. The GMP is protected against inflation under the arrangements for contracting out of the State Earnings Related Pension Scheme. A GMP is only applicable in respect of Members who were in contracted-out employment by reference to the Fund between 6 April 1978 and 5 April 1997.

The increase in the RPI was 7.5% for the year ending 31 December 2021. The increases applied with effect from 1 April 2022 were 7% for Members of the Pre-2009 Section and 5% for Members of the Post-2009 Section.

These increases were applied as the basic increase to all pensions (in excess of GMP) and deferred pensions from the Fund which came into payment or became prospectively payable on or before 1 April 2021. Smaller proportionate increases were applied to those pensions and deferred pensions from the Fund which came into payment or became prospectively payable after 1 April 2021 and before 2 March 2022. The widows, widowers and dependants of pensioners who retired on or before 1 April 2021 received corresponding adjustments.

Contributions

Members' contributions are currently 2% of Pensionable Salary up to £30,000 and 6% of Pensionable Salary in excess of £30,000. Contributions are payable by the Member Companies for the remainder of the cost of the benefits on the basis of valuations of the Fund made by an independent appointed Actuary to the Fund.

The Member Companies contributed to the Contribution Reserve Account at the rate of 10% with effect from 1 January 2019 until 30 June 2021 and 30% with effect from 1 July 2021.

The Company also agreed to make the following payments into the CRA:

- £100 million in 2021; and
- £50 million in 2022.

The Company operates a salary sacrifice arrangement for Member normal contributions in the SCPF, whereby Members can give up part of their salary which their employer then pays into the Fund, along with their normal employer contribution.

Details of contributions are given in Note 4 to the Financial Statements.

Cash Equivalents

Cash equivalents paid during the Fund year with respect to transfers have been calculated and verified in the manner prescribed by the Pensions Schemes Act 1993. They include the discretionary benefit of five-year balance of pension payment, which is valued using the same method as the other benefits.

Data Protection

The Trustee is registered under the Data Protection Act 1998 to hold personal information necessary for the management of the pension fund and has updated its data protection compliance in line with the General Data Protection Regulation and the Data Protection Act 2018 and adopted a data protection policy.

Report on Actuarial Valuation Liabilities

As required by Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102), the financial statements do not include liabilities in respect of promised retirement benefits.

Under section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions, which represent the present value of benefits to which Members are entitled based on pensionable service to the valuation date. This is assessed at least every three years using assumptions agreed between the Trustee and the employer and set out in the Statement of Funding Principles, a copy of which is available to Fund Members on request.

The latest full triennial actuarial valuation of the Fund was carried out as at 31 December 2020 (the valuation date).

The Trustee determined and agreed with the Member Companies the assumptions to be used to calculate the 'technical provisions'. This is the amount needed to be held by the Fund to provide for benefits that will be paid from the Fund in the future, assuming the Fund continues in its present form. It is based on Pensionable Service to the valuation date and assumptions about various factors that will influence the Fund in the future, such as the levels of investment returns and pay increases, when Members will retire and how long Members and their dependants will live. These assumptions are set out in the Trustee's Statement of Funding Principles and the main assumptions are summarised below.

Discount rate	UK Government Fixed Interest yield curve plus a term dependent risk premium which has an initial level of 2.65% p.a. at 31 December 2020 and reduces to 0.5% p.a. linearly over the period from 2021 to 2034 inclusive.

General pay increases	Nil in year 1 (2021), fixed 2.5% p.a. at all other terms.
Price inflation (RPI)	The difference between the UK Government Fixed Interest and UK Government Index-Linked yield curves.
Price inflation (CPI)	RPI less an RPI/CPI wedge to be applied to the RPI forward curve of 0.9% p.a. to February 2030 and 0.1% p.a. from February 2030.
Pension and deferred pension increases	Based on inflation with allowance for maximum and minimum increases
Post-retirement mortality	SAPS S3 "All" Series tables with prudent gender and membership category appropriate scaling factors, incorporating future improvements in line with the CMI_2019 Core Projections (using a smoothing parameter of S_k=7.0 and an A parameter of 0.50%) from 2013 with a long-term rate of mortality improvement of 1.75% p.a.

The results of the full valuation as at 31 December 2020 were set out in the Actuary's report dated 29 June 2021, and are summarised as follows:

Market value of assets (excluding AVC investments)	£16,940 m
Technical Provisions	£16,461 m
Funding surplus	£479 m
Funding ratio	103%

If the Fund had no surplus (or shortfall) and its assets were exactly equal to the technical provisions, contributions would normally still be required to cover the cost of benefits expected to accrue to Members in the future. The Projected Unit Method with a three-year control period was used to calculate this future service contribution rate.

An approximate update of the funding position of the Fund was carried out as at 31 December 2022 using assumptions that were consistent with the Trustee's Statement of Funding Principles and with the assumptions used for the latest full valuation of the Fund. The results of that approximate update were set out in the Actuary's report dated 22 February 2023, and are summarised as follows (rounded to the nearest £10m):

Market value of assets (excludes AVC investments)	£12,910m
Technical Provisions	£10,490m
Funding surplus/(shortfall)	£2,420m
Funding ratio	123%

The Fund's assets yielded significantly lower than expected returns over the two-year period following the 2020 valuation, largely due to a material increase in market yields. However, there was an even more significant decrease in the Fund's liabilities due to both the increased market yields and a change in long-term longevity expectations. This led to an increase in the funding level over the two-year period.

The Schedule of Contributions adopted by the Trustee and the Member Companies enables the Company to contribute to the SCPF in line with statutory requirements, whilst payments in excess of those required by law are made into a secure and separate Contribution Reserve Account (CRA). The CRA is not an asset of the Fund and as at 31 December 2022 the CRA had a market value of £789 million. The CRA has been disclosed as a contingent asset within Note 26 of the financial statements.

A Schedule of Contributions was agreed as part of the valuation at 31 December 2020 and took effect from 29 June 2021. The Actuary's certification of this schedule is shown on page 55.

The next triennial valuation will be performed as at 31 December 2023.

The Economic and Social Environment in 2022

The Trustee continues to monitor the operational impact of the COVID-19 pandemic and has no significant concerns regarding the Plan's ongoing ability to fulfil its operational, cashflow or benefit payment requirements. The Plan's administrator, Shell International Limited (Trustee Services Unit), has a business continuity plan that is tested at regular intervals and has continued to be successfully executed in response to the COVID-19 pandemic. The Employer also continued to successfully execute its business continuity plan, ensuring that there has been no impact on the payment of contributions to the Trustee.

In February 2022 Russia invaded Ukraine and the UK, US, EU and many other countries placed economic sanctions on Russia and Belarus. The Fund has exited the majority of investments related to Russia. A small number of holdings remain but their value is held at nil as at 31 December 2022.

Over the year to 31 December 2022, high inflation led to UK policy interest rate rises from 0.25% to 3.5%. Against this economic backdrop, significant rises in long-term UK Government bond ("gilt") yields were also seen, which were exacerbated by the market turmoil resulting from the September 2022 UK Government 'mini budget'. The impact of this to the Fund is discussed in detail in the Investment Performance section.

Climate Change Report

The Trustee has published its 2022 Climate Change Report which is available to download at https://pensions.shell.co.uk/scpf/how-the-scheme-is-managed/responsible-investment.html

In line with the Climate Change Governance and Reporting Regulations, the report follows the framework set out by the Taskforce for Climate-related Financial Disclosure. It covers the Trustee's assessment of the potential impact of climate-related financial risk on the Fund, how the Trustee is responding to and managing this risk and metrics on financed greenhouse gas emissions from the Fund's assets.

Investment Management

The day-to-day management of the SCPF's investments, is delegated to the Shell Asset Management Company B.V. ("SAMCo") which acts as both principal Investment Manager and an adviser. This relationship is governed by an Investment Management Agreement ("IMA") which covers discretionary investment management, as well as certain investment advisory and ancillary services. The Investment Manager may, if appropriate and within the terms of the IMA, allocate investment mandates to external managers and agree fees for such services on behalf of the Trustee. SAMCo is regulated by the Autoriteit Financiele Markten (AFM) to manage investments. SAMCo has the appropriate knowledge and experience necessary to manage the investments assigned to them under the IMA with the Trustee. The Investment Manager is remunerated on a basis which covers its costs for managing the assets of the SCPF. The Investment Manager does not participate in any soft commission arrangements.

The Investment and Funding Committee monitors the SCPF's investments to consider the extent to which the investment strategy and decisions of the Investment Manager are aligned with the Trustee's policies. The long-term nature of the Investment Manager appointment, the Investment Management Agreement, the performance objectives and fee structure together aim to ensure that the Investment Manager is aligned with the Trustee's requirements for a medium to long-term focus.

The Trustee receives quarterly reports and oral updates from the Investment Manager on various items including the investment strategy, performance and longer-term positioning of the portfolio. The Trustee focuses on longer-term performance when considering the suitability of the investment strategy in relation to the Plan's objectives and assesses the Investment Manager performance over a rolling three year period.

The Trustee shares its policies, as set out in its Statement of Investment Principles ("SIP"), with the Investment Manager and requests that the Investment Manager reviews and confirms whether its approach is in alignment with the Trustee's policies.

If the Investment Manager appoints a new external manager, the Trustee requires the Investment Manager to review the governing documentation associated with the investment and to consider the extent to which it aligns with the Trustee's policies. Where possible the Investment Manager is asked to amend that documentation so that there is greater alignment. Where it is not possible to make changes to the governing documentation, for example if the Investment Manager invests in a collective vehicle, then the Investment Manager is required by the Trustee to express its expectations to the external manager by other means such as through a side letter, in writing or orally.

The Trustee has appropriate governing documentation, sets clear expectations to the Investment Manager and external managers by other means where necessary and regularly monitors performance and investment strategy. The Trustee believes that this is sufficient to incentivise the Investment Manager and external managers to make decisions that align with the Trustee's policies and are based on assessments of medium and long-term financial performance.

Where the Investment Manager or external managers are considered to make decisions that are not in line with the Trustee's policies, expectations, or the other considerations set out above, the Trustee will engage with the Investment Manager to bring matters into alignment. The Trustee would ultimately replace the Investment Manager for those assets should it not be able to accommodate the Trustee's requirements. Similarly, the Trustee would ask the Investment Manager to replace an external manager where this is deemed necessary.

There is no set duration for arrangements with the Investment Manager or external managers, although the continued appointment of the Investment Manager will be reviewed periodically, typically every three years. For certain closed ended vehicles, the duration may be defined by the nature of the underlying investments.

The Trustee is aware of the importance of monitoring its total investment costs and the impact these costs can have on the overall value of the SCPF assets. The Trustee recognises that in addition to annual management charges, there are other costs incurred that can increase the overall cost.

The Investment Manager provides the Trustee with an annual cost transparency report covering all of the SCPF's investments for each asset class and this is reviewed by the Investment and Funding Committee.

The Trustee accepts that transaction costs will be incurred to drive investment returns and that the level of these costs varies across asset classes and by manager style within an asset class. In both cases, a higher level of transaction costs is acceptable provided it is consistent with the asset class characteristics, manager's style and historic trends. Where the monitoring identifies an inconsistency, the mandate will be reviewed.

Targeted portfolio turnover is defined as the expected frequency with which fund holdings change over a year. The Investment Manager monitors this on behalf of the Trustee and flags to the Trustee where there are concerns.

The Trustee is willing to accept performance related fees if these are suitable for the SCPF and are aligned with the objectives of the SCPF.

The direct property portfolio is managed by CBRE Global Investors Limited.

Investment Strategy and Principles

The Trustee is responsible for determining the Fund's investment strategy.

The Trustee approved a Statement of Investment Principles (SIP) as required by Section 35 of the Pensions Act 1995.

The Statement sets out the principles governing decisions about the investment of assets of the Fund. The most recent Statement of Investment Principles was approved by the Trustee in March 2022. The SIP is publicly available and can be found here: http://pensions.shell.co.uk/scpf/resources/scpf-library.

The Trustee's investment strategy considers the Fund's investments in the following groupings:

- Liability matching assets: where cash flows can be expected to broadly match a proportion of the expected liability cash flows of the SCPF;
- Investment grade assets: where relatively stable returns can be generated above a cash benchmark;
- Return-seeking assets: where long-term growth can be expected to be generated in order to provide for the remaining expected cash flows for beneficiaries; and
- Money purchase assets: as these are chosen by individual AVC Members, the Trustee's focus is primarily on the suitability of the range of investments offered.

The Strategic Asset Allocation (SAA) for the Fund, excluding the AVC arrangement, was updated throughout 2022 as opportunities to reduce funding risk arose as a result of changing market conditions:

	31 December 2021 %	31 December 2022 %
Liability matching assets	38	62
Investment grade credit	17	13
Return seeking assets	45	25
Total	100	100

Responsible Ownership

The Trustee is committed to its policy on responsible ownership, which is publicly available here: https://pensions.shell.co.uk/scpf/how-the-scheme-is-managed/responsible-investment.html. Details on the implementation of this policy are set out in the Implementation Statement (IS) which can be found on page 17.

Custodian Arrangements

The Trustee has appointed JPMorgan Chase Bank, N.A. to act as sole custodian for the Fund's securities. All quoted securities are held by the Fund's custodian, with the beneficial owner being the Trustee.

In respect of pooled investment vehicles, the manager makes its own arrangements for custody of the underlying investments.

Direct property title deeds are held by the Fund's manager's legal advisors.

Additional Voluntary Contributions, which are in the form of insurance policies, are held by the Trustee in the form of the master policy documents.

Investment Performance

Overall commentary

The principal objective of the Trustee is to ensure that all benefits are paid on time and in full and so it is the management of the assets relative to the value of the expected future benefit payments (the pension liabilities) that is the primary focus.
Therefore, the Trustee allocates a material proportion of its investment strategy to liability matching assets. These assets are designed to match movements in the Fund's liabilities, meaning that if the Fund's liabilities fall in value, the liability matching assets will also fall in value. This approach reduces volatility in the funding level.
The value of the Fund's liabilities[3] is directly linked to the yield available on UK Government bonds ("gilts"). As yields increase, the expected return on the Fund's assets increases, meaning the Fund needs to hold fewer assets today to meet future benefit payments. Therefore, as yields increase, the value of the liabilities falls, as does the value of liability matching assets.

[3] As measured on the Trustee's "Low Reliance" basis. This is the basis currently used by the Trustee for long-term strategic purposes and assumes investment in a low-risk investment strategy.

Over the 2022, gilt yields rose materially. For example, the yield on 'over 15 years UK fixed-interest gilts' rose from 1.1% pa at the start of the year to 3.9% pa at the end of the year. This unprecedented increase in long-term yields led to a significant fall in the present value of the pension liabilities.

Consequently, the Fund's liability matching assets mirrored this fall in value. However, the Fund's target level of matching (or "hedging") at the start of the year was 50% of liabilities, meaning that the liability matching assets did not fall in value by as much as the liabilities. As a result, the Fund experienced a material improvement in its funding position over year.
This in turn enabled significant de-risking of the investment strategy over the year, in line with the agreed Journey Plan. The level of interest rate and inflation hedging has therefore increased significantly over the year, with the target level of hedging increasing from 50% at the start of the year to 95% by the end of the year. This means that future changes in gilt yields and inflation are not expected to lead to such significant movements in the funding level in future.

Taking the above into account, during the year the market value of the net investments decreased from £17,641.9 million to £12,907.8 million, including Additional Voluntary Contributions (AVC) investments of £54.7 million (2021: £59.4 million) which are invested separately under the contracts with Legal & General Assurance Society Limited, Aviva and ReAssure Limited. Over the same period, the Actuary's assessment of liabilities on the low reliance basis has fallen from £18,280 million to £11,480 million. As a result, the low reliance funding level has improved over the year from 96% to 112%.

Further Detail

The Trustee assesses the performance of the Fund's investments in the following groupings consistent with the overall strategy:

1. The liability matching assets are compared to a bespoke cash flow benchmark representing expected future benefit payments. Therefore, the main purpose of these assets is to match liabilities, rather than aim for growth.
2. Other assets are assessed by reference to appropriate benchmarks and performance targets set and agreed with the asset manager.

The Trustee receives a monthly summary report from the Investment Manager (SAMCo) showing actual performance of the Fund on an asset class level against benchmarks. On a quarterly basis, a more detailed report is received from the investment manager containing an overall analysis of market performance and relevant impact on the Fund performance as well as a detailed overview of the Fund performance, risk matrixes and an overview of investment management agreement compliance.

Performance of the Fund's investments over short and longer periods is summarised as follows:

Annualised Total Returns (% p.a.)

	Actual	Benchmark	Actual vs benchmark
2022 (1 year)	(23.6)	(23.9)	0.3
2020/2022 (3 years)	(3.9)	(4.2)	0.3
2018/2022 (5 years)	(0.7)	(0.9)	0.2
2013/2022 (10 years)	3.8	3.6	0.2

After two years dominated by Covid, 2022 saw rising inflation and Russia's invasion of Ukraine, which exacerbated the upswing in energy prices in Europe. In the US, just three 25 basis point (bp) rate increases were expected at the start of the year; in the end, the equivalent of 17 such raises had been implemented, one of the fastest hiking cycles in history. In the UK, the Bank of England (BoE) raised rates from 0.25% to 3.5% at the end of the year.

Financial markets declined in 2022, especially in the first nine months of the year, due to the rapidly rising rates. Bonds reduced significantly in value while equities fell by 11.3% overall. The UK equity market performed relatively well, given its substantial exposure to energy, the one sector that had a strong year. Following a slight recovery in Q4, return-seeking assets' losses for the year were 4.6%.

Hedge funds provided positive absolute performance and 1.9 percentage-point outperformance. For emerging markets debt and high yield, absolute performance was negative at -8.4%. In contrast to the downturn in public markets, private equity posted a positive return of 1.9%. Property provided a slightly higher return of 2.3%, though this return was significantly lower than the benchmark due to the poor performance of UK property. It should be noted that the relatively strong returns observed in these private markets might be due in part to the lagged nature of performance data in these asset classes, given that public markets – especially property – suffered significant losses over the year.

Overall, in large part due to the performance of the liability matching assets, the SCPF portfolio reduced in value by around a quarter (-23.6%) in 2022, despite the recovery in Q4. However, as described above, this should be viewed in the context of lower liability values, an improved funding position and reduced funding risk.

The portfolio's relative performance was moderately positive at 0.3 percentage points above the benchmark.

The Fund's Largest Investments

The Fund's ten largest investments by market value are detailed below:

	Market value as at 31 December 2022	
	£ million	% of Total
UK Treasury Inflation Index Linked 1.250% 22/11/2032	664.9	5.2
UK Treasury Inflation Index Linked 0.125% 22/03/2024	559.9	4.3
UK Treasury Inflation Index Linked 0.125% 22/03/2029	492.7	3.8
UK Treasury Inflation Index Linked 0.750% 22/03/2034	492.1	3.8
UK Treasury Inflation Index Linked 0.625% 22/03/2040	483.8	3.7
UK Treasury Inflation Index Linked 1.125% 22/11/2037	469.9	3.6
UK Treasury Inflation Index Linked 0.125% 22/03/2026	445.9	3.5
M&G Secured Property Income Fund	445.1	3.4
UK Treasury Inflation Index Linked 0.125% 10/08/2028	434.8	3.4
UK Treasury Inflation Index Linked 0.125% 10/08/2041	282.0	2.2
	4,771.1	36.9
Other holdings (including cash and AVC investments)	8,136.7	63.1
	12,907.8	100.0

The Fund's ten largest equity holdings by market value are detailed below:

	Market value as at 31 December 2022 £ million	% of Total Fund
Apple Inc	18.9	0.2
Microsoft Corp	18.1	0.2
Taiwan Semiconductor Manufacturing Co Ltd	8.4	0.1
Amazon Inc	6.9	0.1
Tencent Holdings Ltd	5.7	0.1
Visa Inc	5.1	0.0
Samsung Electronics Co Ltd	4.9	0.0
United Health Group Inc	4.9	0.0
Mastercard Inc	4.8	0.0
Alphabet Inc	4.5	0.0
	82.2	0.7

The Fund's ten largest property investments are detailed below:

	Market value as at 31 December 2022 £ million	% of Total Fund
Doncaster, Doncaster North Services	30.3	0.2
Croydon, Silver Wing	28.5	0.2
Milton Keynes, Central Retail Park	25.4	0.2
Oxford, The Eastgate Hotel	24.5	0.2
Leamington Spa, Titan and Trojan Business Centre	23.3	0.2
Chelmsford, Dukes Park	23.1	0.2
London, 6 Kean Street	22.5	0.2
Watford, Valley Park	18.2	0.2
Chadwell Heath, 131 High Street	16.1	0.1
West Thurrock, IO Centre	15.9	0.1
	227.8	1.8

These ten investments represent 48.2% of the total exposure of the direct property portfolio. Most of the properties have provisions for a review of rents at a frequency of five years.

Implementation Statement

1. Introduction

This document sets out the actions undertaken by Shell Pensions Trust Limited ("the Trustee"), the trustee of the Shell Contributory Pension Fund ("SCPF", "the Fund"), to implement its stewardship policy set out in the Statement of Investment Principles ("SIP"). The document includes information on voting and engagement undertaken on behalf of the Trustee and an overview of how the voting and engagement policies within the SIP have been implemented during the reporting period.

This implementation statement covers the year ending 31 December 2022. In preparing it, the Trustee has had regard to the guidance on Reporting on Stewardship and Other Topics through the Statement of Investment Principles and the Implementation Statement, issued by the Department for Work and Pensions ("DWP")[4] in June 2022. The Trustee is taking further steps to enhance its stewardship approach during 2023, including setting up an ESG Forum to support the Trustee's stewardship monitoring, and will provide an update in its next implementation statement.

The SIP was last updated in March 2022, but no changes were made to the voting and engagement policies.
The SIP is publicly available and can be found here: https://pensions.shell.co.uk/scpf/resources/scpf-library.html.

2. Summary of the Trustee's stewardship approach and policies

The Trustee aims to be a responsible steward of the assets in which it invests. The Trustee's primary concern is to act in the best financial interests of its beneficiaries, seeking the best return over time that is consistent with a prudent and appropriate level of risk. The key elements of the Trustee's Responsible Ownership Policy, and a description of how environmental, social and governance ("ESG") considerations are taken into account in the various investment processes that the Trustee oversees, are as follows:

- In taking material financial factors, including corporate governance, environmental and social considerations into account, the Trustee expects both to protect and to enhance the value of the SCPF's assets over the long term.
- The Trustee is a signatory to the Principles for Responsible Investment ("PRI").
- The SCPF does not make investments in companies that undertake certain type of business activities. At present, this pertains to companies that are involved in cluster munitions or anti-personnel mines.
- The Trustee believes that in most cases engagement with enterprises is a more effective long-term approach than divestment.

To effect these objectives, the stewardship policies set out in the SIP require the SCPF's Investment Manager to:

- Use its influence to engage with underlying managers to ensure the SCPF's assets are not exposed to undue risk; and
- Report to the Trustee on its ESG activities, which supports the Trustee in determining the extent to which the SCPF's engagement policy has been followed throughout the year.

[4] https://www.gov.uk/government/consultations/climate-and-investment-reporting-setting-expectations-and-empowering-savers/outcome/reporting-on-stewardship-and-other-topics-through-the-statement-of-investment-principles-and-the-implementation-statement-statutory-and-non-statutory

And either directly or through a third party Stewardship Services Provider to:

- Exercise its delegated voting rights in all practicable cases in accordance with the corporate governance principles agreed between the Trustee, the Investment Manager and Stewardship Services Provider.
- Report to the Trustee on stewardship activity regularly as required by the Trustee.

Key parties in the Trustee's stewardship activity

The Fund's assets are managed by Shell Asset Management Company B.V. ("SAMCo"), either directly or indirectly through external fund managers.

As required by the occupational pension scheme regulations and consistent with the prudent management of the Fund, the SCPF has a highly diversified portfolio. For example, the listed equity part of the portfolio has holdings in over 1,000 different instruments. No single holding is material in relation to the total assets of the Fund and the Fund does not hold a significant proportion of the equity or debt of any listed enterprise. Although for private assets, the level of control in terms of ownership is usually larger, the level of actual influence is limited as well. This is due to the indirect nature of ownership through a lead investor, for which the influence of other investors is relevant as well, and the limited ability to alter exposure once capital has been committed. In consequence, the main way in which the Fund can have an influence on enterprises in which it invests is through collective action.

To achieve this, the services of EOS at Federated Hermes ("EOS"), a leading stewardship services provider, are used for the SCPF's listed equity and corporate bond holdings. The Trustee and SAMCo use a third-party stewardship services provider for a number of reasons, including:

- Harmonising the voting approach across all mandates with all investment managers;
- Optimising the Trustee's monitoring capabilities;
- Allowing the Trustee to impact ESG and other issues through collective action with other asset owners;
- Enhancing knowledge of ESG issues through collaboration and by being part of a larger network; and
- Alleviating the resource burden on the Trustee and employ greater expertise for all stewardship activities.

EOS has been appointed by the Trustee to support in fulfilling its stewardship responsibilities such as:

- Ensuring the companies in which the SCPF invests are taking appropriate steps to produce sustainable financial returns and identifying the most material issues to be escalated for action;
- Assessing companies for breaches of generally recognised responsibilities and engaging or signalling the infeasibility of engagement as appropriate if a breach is identified;
- Engaging with companies in pursuit of meaningful objectives, through meetings, discussions with other shareholders, participation in collaborative investor initiatives or submission of shareholder resolutions;
- Exercising the Trustee's voting rights in all practicable cases based on its Responsible Ownership Principles, its Global Voting Guidelines and in accordance with the Shell General Business Principles[5];
- Informing companies ahead of meetings if voting against or abstaining from voting on a management resolution;
- Preparing annual and detailed evaluations of its voting and engagement work on the Trustee's behalf
- Integrating stewardship into investment decisions; and
- Advocating for necessary changes in public policy and market best practice.

[5] The Shell General Business Principles set out the Company's responsibilities to shareholders, customers, employees, business partners and society.

The Trustee and SAMCo monitor and review the stewardship activities of EOS through regular interaction and voting and engagement reports.

SAMCo is charged with monitoring and engaging with the external fund managers which have been appointed to run part of SCPF's investments, such as private equity managers, with oversight by the Trustee.

Further information on the Trustee's monitoring, engagement and voting policy is set out in the Trustee's Responsible Ownership Policy. This is publicly available and can be found here: http://pensions.shell.co.uk/scpf/resources/scpf-library. The Statement of Investment Principles and Responsible Ownership Policy will both be updated later in 2023 to reflect the enhancements being made to the Trustee's stewardship approach.

3. Trustee stewardship activity over the year

Stewardship priorities

Following the end of the year, the Trustee formalised its stewardship priorities to guide its oversight of the stewardship undertaken on its behalf. These will be areas on which SAMCo and the Trustee will more closely monitor the activities of its stewardship services provider and external, illiquid asset managers to ensure alignment with its stewardship expectations. The Trustee is establishing a new ESG Forum for this purpose.

The priorities chosen by the Trustee are:

- Climate change; and
- Governance (Board effectiveness and ethical culture).

Voting

The Trustee uses EOS as its proxy adviser. EOS makes recommendations on votes at company meetings and undertakes voting-related engagement with companies, in accordance with principles agreed with all of its clients, unless its contact with the company or its interpretation of the company's disclosures suggest that voting differently would better support the achievement of stewardship objectives and the sustainability of the company. EOS's recommendations are based on the unique circumstances of each company, taking local best practice and regulation into account, and are made in accordance with the Trustee's interests as a long-term owner.

EOS makes voting recommendations that are, where practicable, engagement-led and involve communicating with company management and boards around the vote. This ensures that its rationale is understood by the company and that the recommendations are well-informed and encourage change where necessary. When recommending votes at companies with larger client holdings or which bear higher reputational risk, or if it expects to oppose a resolution or a material agenda item, such as opposing the election of a director, EOS will endeavour to write to the company in advance to explain its concerns. If the company is willing, EOS will discuss the matter further and explore potential for any changes that the company might make which would enable them to support the resolution.

The Trustee has adopted EOS's voting policy in respect of public equity investments. Implementation of this voting policy was monitored throughout the year, for example through review of EOS's quarterly reports. Over the year, it followed EOS's voting recommendations and did not engage with EOS on any votes ahead of them being cast. It relied on EOS to notify companies ahead of votes in the circumstances outlined above. In future years the Trustee's ESG Forum will consider alignment of EOS's voting recommendations with the Trustee's stewardship priorities.

Voting Statistics

Over the year to 31 December 2022	SCPF Equity holdings
Number of meetings eligible to vote during the period	5,907
Number of resolutions eligible to vote on over the year	74,254
% of resolutions voted on or abstained for which the fund was eligible	67,747 (91.24%)
Of the resolutions on which the SCPF was eligible to vote, % that voted with management	55,835 (75.19%)
Of the resolutions on which the SCPF was eligible to vote, % that were voted against management	11,912 (16.04%)
Of the resolutions on which the SCPF was eligible to vote, % that were abstained from	183 (0.25%)
% of meetings with at least one vote against management	3,972 (67.24%)

The Trustee notes that the percentage of eligible resolutions on which the SCPF votes or abstains is expected to be below 100%, as some slippage occurs, for example due to administrative hurdles and (last-minute) additional voting requirements.
Examples of the voting activity carried out by EOS over the year on behalf of the Fund are provided in the Appendix.

Engagement Policy

Together with voting, EOS undertakes engagement on behalf of the Trustee with companies in whose publicly traded equity and debt securities the SCPF invests. In illiquid asset classes, stewardship activities are undertaken by external asset managers, with oversight from SAMCo. Through engagement, the Trustee aims to achieve both improved long-term financial returns on investment as well as fostering better, more sustainable outcomes.

Engagement by EOS on public market assets

EOS's engagement objectives are described in the EOS Engagement Plan which is refreshed each year[6]. Progress is monitored by reference to a system of milestones to ensure that satisfactory progress is made over a reasonable period of time.
EOS has in place a four-step milestone system which allows the Trustee to track the progress of engagements relative to the objectives that have been set. These steps are:

1. Raising the concern with the company at an appropriate level.
2. Company acknowledging the issue as a serious investment concern worth exploring.
3. Company develops a strategy to achieve the objectives, or stretching targets are set to address the concerns.
4. The company implements the strategy or meets the concerns.

EOS engaged with 884 companies in 2022, covering 3,547 identified objectives or issues. At least one milestone was advanced for about 55% of objectives during the year.
The Trustee and SAMCo review quarterly reports on EOS's engagement activities on behalf of the SCPF. Examples of EOS's engagement the Trustee's priorities are included in the Appendix.

[6] The Plan for 2022-2024 can be accessed: EOS Engagement Plan 2022-2024 | Federated Hermes | Federate Hermes Limited (hermes-investment.com).

Report on EOS's activity on behalf of the SCPF

Each year, EOS produces a report for the SCPF setting out its activities including an overview of voting and examples of how it has engaged with companies on behalf of its clients, including the SCPF. The 2022 Annual Review for the SCPF is available to our members on our website[7] and provides rich and comprehensive material on voting and engagement. The EOS report should be read as a companion to this Statement.

Engagement with external managers

SAMCo engages with prospective and existing external managers on the expectations set out in a SAMCo-administered framework on sufficient level of ESG incorporation. This framework was formalised in 2022. Engagement meetings with external managers served to ascertain their performance in relation to the four elements of the framework: 1) ESG policy, 2) governance, 3) investment and risk management processes and 4) reporting. A score of at least 3 out of 5 denotes 'sufficient level of ESG incorporation'. Relevant funds scoring 'insufficient' would trigger further review and/or engagement by the investment teams.

In 2022, 59% of SCPF's externally managed funds (measured by Net Asset Value) were engaged. For the avoidance of doubt, this includes both funds scoring below as well as funds scoring at or above expectations.

SAMCo reports to the Trustee on the engagement activity it undertakes with external managers of illiquid assets on an annual basis.

Policy advocacy

The ESG issues that are most likely to represent material financial factors for the SCPF tend to be systemic or market-wide in nature and require action by governments or regulators as well as companies and investors. Therefore, to protect and enhance the value of the SCPF's assets over the long term, EOS also undertakes engagements with legislators, regulators, industry bodies and other standard-setters on behalf of the Trustee. These engagements are targeted at helping to shape capital markets and the environment in which companies and investors operate to be more sustainable.

4. Summary

Based on the activity over the year by EOS and SAMCo, the Trustee considers that the stewardship policy has been implemented effectively during the year.

The Trustee expects improvements in disclosures over time as stewardship reporting and, in particular, climate change reporting matures. The Trustee will also continue to refine its approach to stewardship – and responsible investment more broadly – in 2023. Among the first steps will be to establish an ESG Forum, to further enhance the Trustee's oversight of stewardship activity carried out on its behalf.

[7] https://pensions.shell.co.uk/scpf/how-the-scheme-is-managed/responsible-investment.html.

Appendix: Voting and Engagement Examples

Given the number of votes exercised by the Trustee during the year and the small individual size of the holdings, it is difficult to classify individual votes by the SCPF as particularly or 'most significant' on their own. The impact comes from collective voting and pressure across entire sectors. The SCPF EOS 2022 Annual Review includes further specific examples of voting.
The following votes have been chosen as the 'most significant' votes (or in one case, an example from engagement only) because they demonstrate EOS's integrated approach to voting and engagement, on the SCPF's behalf, and because they were viewed to be the 'most significant' in relation to the Trustee's stewardship priorities, or in relation to the vote's importance for the direction of the relevant company. There is a description of the engagement activity carried out and the votes related to that engagement.

Renault SA

Trustee priorities: Governance and Climate change
EOS was pleased with the company's progress on increasing gender diversity on the board; despite the small drop since last year, it was a priority for the chair and lead independent director. EOS was also pleased that the chair had recently had discussions with employees and with the French state to encourage them to increase the gender diversity of the nominations for the government representative and employee representatives.
However, EOS was concerned at the apparent failure to sufficiently consider climate-related risk in the financial accounts and audit. It indicated it to the company this would likely cause EOS to recommend voting against the audit committee members and the financial statements at the AGM on May 25, 2022. It did subsequently recommend voting against and SCPF followed the recommendation. The statement and the appointment of the committee members still passed, however.

Volkswagen AG

Trustee priority: Climate change and Governance
EOS wrote to the company to urge it to undertake and publish a lobbying report, focused on climate-related lobbying. EOS has been disappointed with the lack of progress at the company, which shared no plan to make a public commitment to undertake a review of direct and indirect lobbying activities as has already been undertaken by peers in the automotive sector.
Following such engagement on climate-related lobbying, ahead of its AGM on May 12, 2022, EOS informed the company it would be recommending a vote against the discharge of the management and supervisory boards due to the lack of progress on climate lobbing transparency that had been extensively discussed with the company as well as historic issues. This recommendation was followed by SCPF. The proposals to discharge management and supervisory board members passed.
Next steps following the vote:
The company informed EOS that it had finally published its Association Climate Review 2023, just in time before the annual meeting (but after the deadline for vote recommendations). EOS welcomed that the company has finally taken this step and will review the quality of this report in detail and provide feedback for improvements at the company.

Danone SA

Trustee priority: Governance
EOS met the new lead independent director (LID) to discuss governance and the strategic direction of the company following a management crisis and board refreshment. EOS asked about her priorities for the board and how she was going to assess board performance. EOS was pleased to hear that she found the new board members to be professional and independent and wished to develop a culture of trust on the board.

A board assessment will be carried out internally this year and externally next year, which EOS welcomed. EOS suggested bringing facilitators to board meetings while the members were getting started in their roles and the LID took note of this. EOS was pleased to hear that she intended to engage more with stakeholders.

Meta Platforms, Inc.
Trustee priority: Governance
At Meta's AGM on May 25, 2022, EOS used its recently published Digital Rights Principles to inform decisions and justify its advice to support for several shareholder resolutions around the design and implementation of the company's policies. These included requests for a report on the enforcement of policies to moderate problematic content; a human rights impact assessment of targeted advertising; and a report on the trade-offs between privacy rights and child protection. EOS noted the company's willingness to engage on these issues ahead of the annual meeting, but recommended opposing the CEO and the entire governance committee due to the dual class share structure, lack of compensation transparency, board chair independence and other issues. SCPF followed these recommendations, though these did not gather sufficient support to pass.

Glencore
Trustee priority: Governance
EOS have engaged with commodity trading house and mining company Glencore, which pleaded guilty to charges of bribery and corruption with criminal and civil authorities in the US, UK and Brazil. The company admitted to providing payments and bribes via third parties acting on its behalf to foreign officials in Nigeria, Cameroon, Ivory Coast, Equatorial Guinea, Brazil, Venezuela, and the Democratic Republic of the Congo (DRC).
EOS engaged with the chair of Glencore on behalf of SCPF to identify key learnings for the company on ethical culture and behaviours, and to develop a plan to address them. EOS has been assured that it has taken remediation action, including appointing a new chief compliance officer, refreshing the management team and CEO, and reporting to the board on compliance on a quarterly basis. A court-appointed monitor of its compliance programme is in place for the next three years.
Next to that, EOS recommended voting against the company's climate change progress report due to concerns around the ambition of the company's targets, and lack of detail in its plans to reduce emissions. SCPF followed EOS' recommendations. The climate change progress report was adopted, albeit with 23.7% dissent.

Netflix Inc.
Trustee priority: Governance
EOS welcomed the company's recent governance changes, which were voted on at the annual meeting, and reiterated their request for the company to publish corporate governance principles. The company will focus on finalising its current changes before considering additional improvements to codify its governance in principles. It was resistant to EOS' request for an independent board evaluation but agreed to consider it.
EOS advised to support the changes proposed by the board (declassifying the Board, eliminating supermajority, and the right to call a special meeting) at the AGM on June 2, 2022. SCPF followed this recommendation. It also supported a shareholder proposal for a report on lobbying payments, which was adopted, and voted against the board's proposal for remuneration, due to concerns about incentives, which failed.

Aena SME
Trustee priority: Climate change, Governance
Following engagement with Aena on their emissions disclosures and board independence, EOS recommended opposing the remuneration and management's climate action plan at the company's

AGM on March 25, 2022. The decision on remuneration was due to the lack of a shareholding requirement, and no malus and clawback policy. EOS recommended opposing the climate action plan due to the lack of detailed disclosure on Scope 3 emissions given the company's sizable impact. In particular, EOS did not find the company's current target around sustainable aviation fuels to be in line with the Paris Agreement goal of limiting global heating to below 1.5 degrees Celsius. SCPF followed these recommendations, though both passed.

Starbucks Corporation
Trustee priority: Governance
In 2020, EOS raised human rights-related concerns with Starbucks' director of global compliance and international markets. EOS said that there had been no attempt to measure the impact of its anti-bias training in terms of whether African-American and other ethnic minority customers now felt safer in its stores. Also, it did not seem as if there had been attempts to build on and repeat the training, except for new starters. The company had realised that the US-focused training had not worked in Canada, and it had postponed the roll out of the training internationally, while acknowledging that racism was an issue.
Since then, through continued engagement, the company has appointed a chief inclusion and diversity officer expanded its inclusion and diversity strategy. While this represents welcome progress, EOS recommended supporting a shareholder resolution at the company's AGM on March 16, 2022, calling for a report on harassment and discrimination in the workplace, which would have increased transparency on the issue. SCPF followed this recommendation; the shareholder resolution fetched 32% of the votes.

Harmony Gold Mining Co.
Trustee priority: Governance
EOS recommended a vote against the re-election of the chair of the board social and ethics committee, who is responsible for overseeing labour safety, because of the high number of fatalities. SCPF followed EOS's recommendation.

Sumitomo Corp.
Trustee priority: Climate change
EOS recommended to vote against the chair due to its concern about its climate change strategy. It welcomed the commitment made by the company to withdraw from one of its coal projects at the Matarbari 2 Coal Plant. However, EOS reiterated its expectation that the company should (i) commit to ceasing coal power generation by 2035 in OECD countries and by 2040 for the rest of the world or (ii) adopt a decarbonisation strategy that is in line with the goals of Paris Agreement. SCPF followed EOS's recommendation. The chair was re-elected nonetheless.

Statement of Trustee's Responsibilities

The financial statements, which are prepared in accordance with UK Generally Accepted Accounting Practice, including the Financial Reporting Standard applicable in the UK (FRS 102) are the responsibility of the Trustee. Pension scheme regulations require, and the Trustee is responsible for ensuring, that those financial statements:

- show a true and fair view of the financial transactions of the Fund during the Fund year and of the amount and disposition at the end of the Fund year of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Fund year; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including making a statement whether the financial statements have been prepared in accordance with the relevant financial reporting framework applicable to occupational pension schemes.

In discharging the above responsibilities, the Trustee is responsible for selecting suitable accounting policies, to be applied consistently, making any estimates and judgments on a prudent and reasonable basis, and for the preparation of the financial statements on a going concern basis unless it is inappropriate to presume that the Fund will not be wound up.

The Trustee is also responsible for making available certain other information about the Fund in the form of an annual report. The Trustee also has a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to it to safeguard the assets of the Fund and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control.

The Trustee is responsible under pensions legislation for preparing, maintaining and from time to time reviewing and if necessary revising a schedule of contributions showing the rates of contributions payable towards the Fund by or on behalf of the employer and the active Members of the Fund and the dates on or before which such contributions are to be paid. The Trustee is also responsible for keeping records in respect of contributions received in respect of any active Member of the Fund and for adopting risk-based processes to monitor whether contributions are made to the Fund by the employer in accordance with the schedule of contributions. Where breaches of the schedule occur, the Trustee is required by the Pensions Acts 1995 and 2004 to consider making reports to The Pensions Regulator and the Members.

Further Information

Requests for additional information about the Fund generally, or queries relating to Members' own benefits, should be made to the appropriate department, whose details appear under Member Communications on page 5 of this report.

Approval

The Trustee's Report was approved by the Trustee on 26 July 2023 and signed on its behalf by:

DocuSigned by:
A5EB350FC31F498... T D R Morrison Director

DocuSigned by:
84C2925CD0714D0... R M Hussain Director

For: Shell Pensions Trust Limited

Independent Auditor's Report to the Trustee of the Shell Contributory Pension Fund

Opinion

We have audited the financial statements of the Shell Contributory Pension Fund for the year ended 31 December 2022 which comprise the Fund Account, the Statement of Net Assets available for benefits and the related notes 1 to 28, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the Fund during the year ended 31 December 2022, and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3A of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995.

Basis for opinion

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

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Fund's ability to continue as a going concern for a period of 12 months from when the Fund's financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the annual report, other than the financial statements, our auditor's report thereon and our auditor's statement about contributions. The Trustee is responsible for the other information contained within the annual report.

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

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

We have nothing to report in this regard.

Responsibilities of the Trustee

As explained more fully in the Trustee's responsibilities statement set out on page 25, the Trustee is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements the Trustee is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to wind up the Fund or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Fund and determined that the most significant related to pensions legislation and the financial reporting framework. These are the Pensions Act 1995 and 2004 (and regulations made thereunder), FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Statement of Recommended Practice (Financial Reports of Pension Schemes). We considered the extent to which a material misstatement of the financial statements might arise as a result of non-compliance.

- We understood how the Fund is complying with these legal and regulatory frameworks by making enquiries of the Trustee. We corroborated our enquiries through our review of the Trustee's meeting minutes.
- We assessed the susceptibility of the Fund's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements and documenting the controls that the Fund has established to address risks identified, or that otherwise seek to prevent, deter or detect fraud. In our assessment, we also considered the risk of management override of controls. Our audit procedures included verifying cash balances and investment balances to independent confirmations, testing manual journals on a sample basis and also those journals where there is an increased risk of override, and an assessment of segregation of duties. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.
- Based on this understanding, we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved making enquiries of the Trustee for its awareness of any non-compliance of laws or regulations, inspecting correspondence with the Pensions Regulator and review of Trustee's minutes.
- The Fund is required to comply with UK pensions regulations. As such, we have considered the experience and expertise of the engagement team, to ensure that the team had an appropriate understanding of the relevant pensions regulations to assess the control environment and consider compliance of the Fund with these regulations as part of our audit procedures.

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

Use of our report

This report is made solely to the Fund's Trustee, as a body, in accordance with the Pensions Act 1995 and Regulations made thereunder. Our audit work has been undertaken so that we might state to the Fund's Trustee those matters we are required to state to it 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 Fund's Trustee as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Ernst & Young LLP
Statutory Auditor

Reading
Date 31 JULY 2023

Notes:
1. The maintenance and integrity of the Shell Contributory Pension Fund website is the responsibility of the Trustee; 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.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial Statements

Fund Account
for the year ended 31 December 2022

	Note	2022 £ million	2021 £ million
Contributions and benefits			
Employer contributions		9.6	10.2
Employee contributions		4.3	3.0
Total contributions	4	13.9	13.2
Benefits paid or payable	5	(549.2)	(539.7)
Payments to and on account of leavers	6	(100.8)	(123.2)
Administrative expenses	7	(6.2)	(5.1)
		(656.2)	(668.0)
Net withdrawals from dealings with Members		(642.3)	(654.8)
Net returns on investments			
Investment income	8	264.1	256.2
Change in market value of investments	9	(4,332.8)	1,056.8
Investment management expenses	10	(23.2)	(21.5)
Net returns on investments		(4,091.9)	1,291.5
Net (decrease)/increase in the Fund		(4,734.2)	636.7
Net assets of the Fund			
Opening net assets of the Fund		17,635.2	16,998.5
Closing net assets of the Fund		12,901.0	17,635.2

The notes on pages 31 to 50 form part of these financial statements.

Statement of Net Assets available for benefits as at 31 December 2022

	Note	2022 £ million	2021 £ million
Investment assets			
Equities	9	842.9	2,631.7
Equities externally managed	9	168.8	473.3
Fixed interest	9	12,279.2	10,421.3
Fixed interest externally managed	9	0.1	122.0
Property	12	472.4	568.8
Pooled investment vehicles	13	3,851.5	4,097.0
Derivatives	14	136.1	109.0
AVC investments	15	54.7	59.4
Cash	16	123.4	170.7
Other investment balances	16	986.9	471.9
		18,916.0	19,125.1
Investment liabilities			
Derivatives	14	(73.9)	(75.0)
Other investment balances	16	(5,934.3)	(1,408.2)
		(6,008.2)	(1,483.2)
Total net investments	9	12,907.8	17,641.9
Current assets	22	6.9	4.0
Current liabilities	23	(13.7)	(10.7)
Total assets available for benefits		12,901.0	17,635.2

The financial statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Trustee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial position of the Fund, which takes into account such obligations, is dealt with in the Report on Actuarial Valuation Liabilities on page 8 of the Annual Report and these financial statements should be read in conjunction with this report.

These financial statements were approved by the Trustee on 26 July 2023.

Signed on behalf of the Trustee by:

DocuSigned by:
A5EB350FC31F498... T D R Morrison Director

DocuSigned by:
84C2925CD0714D0... M Hussain Director

The notes on pages 31 to 50 form part of the financial statements.

Notes to the Financial Statements for the year ended 31 December 2022

All amounts in tables are in £ millions unless otherwise stated

1. General information

The Shell Contributory Pension Fund (SCPF) ('the Fund') is an occupational pension scheme established as a trust under English law. The Fund was established to provide retirement benefits to certain groups of employees within the Shell Group in the UK. The address of the Fund's principal office is Shell Centre, London SE1 7NA.

The Fund is a defined benefit pension fund which is no longer open to new hires but existing Members continue to accrue benefits.

The Fund is a registered pension scheme under Chapter 2, Part 4 of the Finance Act 2004. This means that contributions by employers and employees are normally eligible for tax relief and income and capital gains earned by the Fund receive preferential tax treatment.

2. Basis of preparation

The financial statements of the Shell Contributory Pension Fund have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard (FRS) 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council ('FRS 102') and the guidance set out in the Statement of Recommended Practice 'Financial Reports of Pension Schemes' (Revised July 2018) ('the SORP').

3. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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 critical accounting judgments and estimated uncertainty are as described in the accounting policies of Valuation and classification of investments and Derivatives as noted below.

(a) Treatment of subsidiary undertakings

In accordance with FRS 102, the Trustee is not required to prepare consolidated financial statements and has chosen not to do so.

Subsidiary undertakings are included at fair value within investment assets and a summary of the undertakings' net assets is provided as a note to the financial statements.

(b) Valuation and classification of investments

Investments are valued at fair value. Equities are exchange listed and valued on the basis of the last available closing price of the exchange. Fixed income instruments are valued at bid price. Pooled investment vehicles, other than hedge funds, are valued by the fund managers at fair value in accordance with generally accepted accounting guidelines or are valued at fair value using prices from a recent secondary transaction if applicable. The values of hedge funds are provided by the individual hedge fund administrators and are based on fair value. Freehold and leasehold property is stated at open market value at the year end and has been valued in accordance with the Royal Institute of Chartered Surveyors' Appraisal and Valuation Standards. No depreciation is provided on freehold buildings or leasehold properties as these are recognised at fair value. Other unquoted securities, other than derivatives, are valued using generally accepted guidelines using broker quotes. With profit AVC investments are reported at the policy value provided by the insurer based on cumulative reversionary bonuses declared where applicable. Accrued interest is excluded from the market value of fixed interest securities and index-linked securities but is included in investment income receivable.

Investment management fees are accounted for on an accruals basis. Acquisition costs are included in the purchase cost of investments.

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the Fund such as commissions, stamp duty and other fees.

The securities loaned under stock lending arrangements and repurchase agreements have been included in the net assets statement to reflect the Fund's continuing economic interest of a proprietorial nature in those securities. Cash received from repurchase agreements is recognised as an investment asset and a liability is recognised for the repurchase obligation. Securities received as collateral under stock lending arrangements are not recognised as an asset.

Cash delivered under reverse repurchase agreements is recognised as an investment receivable. Securities received in exchange are not included in the net assets statement.

(c) Investment income and expenditure

Income from equities, and any pooled investment vehicles which distribute income, is accounted for on the date stocks are quoted ex-dividend/interest.

Income from fixed interest, index-linked securities, cash and short term deposits is accounted for on an accruals basis.

Property income is accounted for on an accruals basis.

Fees paid and received on derivative contracts are recorded at contract settlement date.

(d) Change in market value

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments and unrealised changes in market value. In the case of pooled investment vehicles which are accumulation funds, change in market value also includes income, net of withholding tax, which is reinvested in the fund. For derivatives the amounts represent movements in the unrealised gains and losses on open contracts, and realised gains and losses on closed contracts.

(e) Derivatives

Derivatives are valued at fair value. This fair value can be seen as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract.

Equity swaps' fair value is derived using the closing prices of the index that they represent. Credit default swaps' fair value is derived by a third party data vendor who values the credit default swaps with a pricing model which assumes trading with a risk-free counter party. Model assumptions are based on market prices which are received daily from the major dealers in the market. Interest rate swaps' fair value is based on a discounted cash flow calculation for which the most important input is the spot interest rate curve. Interest is accrued daily on a basis consistent with the terms of the contract.

Futures have a fair value of zero, because their profit or loss is settled on a daily basis in the futures margin accounts that are part of the cash balance. The amounts settled are based on the closing price of the assets represented by the futures on the relevant stock market. The amounts included in the change in market value are the realised gains and losses on open and closed futures contracts.

The fair value of currency derivatives (forwards and swaps) is based on the difference between the agreed forward rate and the calculated forward rate on the valuation date. The calculated forward rate is based on the exchange rate on the valuation day and the interest until the settlement of the contract.

(f) Collateral

The Fund receives and pledges collateral in the form of cash or non-cash assets in respect of stock lending transactions and derivative contracts in order to minimise the counterparty exposure of these transactions.

Collateral received in the form of cash, where the Fund has contractual rights to receive the cash flows generated, is recognised as an asset in the statement of net assets with a corresponding liability for its repayment. Non-cash collateral received is not recognised in the statement of net assets, unless the counterparty defaults on its obligations under the relevant agreement.

Cash and non-cash collateral pledged where the Fund retains the contractual rights to receive the cash flows generated is not derecognised from the statement of net assets, unless the Fund defaults on its obligations under the relevant agreement, and therefore continues to be recognised in the statement of financial position within the appropriate asset classification.

(g) Foreign currency

The Fund's functional currency and presentational currency is pounds sterling (GBP).

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year end.

Foreign currency transactions are translated into sterling at the spot exchange rate at the date of the transaction.

Gains and losses arising on conversion or translation are dealt with as part of the change in market value of investments.

(h) Contributions

Contributions, both from the Members and from the employer, are accounted for as they fall due under the Schedule of Contributions, the Fund rules and the recommendations of the actuary.

Additional voluntary contributions from the Members are accounted for in the month deducted from the payroll.

(i) Benefits and payments to and on account of leavers

Where Members can choose whether to take their benefits as a full pension or as a lump sum with reduced pension, retirement benefits are accounted for on an accruals basis on the later of the date of retirement and the date the option is exercised.

Other benefits are accounted for on an accruals basis on the date of retirement, death or leaving the Fund as appropriate.

Where the Trustee agrees or is required to settle tax liabilities on behalf of a Member (such as where lifetime or annual allowances are exceeded) with a consequent reduction in that Member's benefits receivable from the Fund, any taxation due is accounted for on the same basis as the event giving rise to the tax liability and shown separately within Benefits.

(j) Transfers to and from other schemes

Transfer values represent the capital sums either receivable in respect of Members from other pension schemes of previous employers or payable to the pension schemes of new employers for Members who have left the Fund. They are accounted for on an accruals basis from the date when the receiving trustee has agreed to accept the liability, which is normally when cash is paid or received.

Movements of Linked Fund Members between the Shell Contributory Pension Fund and the Shell Overseas Contributory Pension Fund are executed without payment being made between the Funds. Under the Inter-Fund Linking rules of each Fund the Members' pension entitlement is accrued in each Fund based on their length of pensionable service undertaken whilst in each Fund and the total pension receivable is based on their final pensionable salary.

(k) Other expenses

Administrative expenses and investment management expenses are accounted for on an accruals basis. Investment management and pensions administration services provided by Shell Asset Management Company B.V. and Shell International Limited, Trustee Services Unit respectively are charged to the Fund Account in the period to which they relate.

4. Contributions

Contribution rates during the year were as follows:

By Member Companies - 2% of pensionable salary up to £30,000 p.a., plus 6% of pensionable salary in excess of £30,000 p.a. in respect of Salary Sacrifice Members (other than Pre-2009 Members who have completed 36 years' pensionable service), and 0% of pensionable salary in respect of other Members

By Members - 0% of pensionable salary in respect of Salary Sacrifice Members, and 2% of pensionable salary up to £30,000 p.a. plus 6% of pensionable salary in excess of £30,000 p.a., in respect of other Members (other than Pre-2009 Members who have completed 36 years' pensionable service)

	2022 £ million	2021 £ million
Employer contributions		
Salary Sacrifice	9.6	10.2
	9.6	10.2
Employee contributions		
Normal	0.2	0.2
Additional voluntary contributions	4.1	2.8
	4.3	3.0
Total	13.9	13.2

5. Benefits paid or payable

	2022 £ million	2021 £ million
Pensions	512.3	496.0
Commutation of pensions and lump sum retirement benefits	27.1	32.5
AVC benefits	5.9	8.7
Lump sum death benefits	0.8	0.4
Taxation where lifetime or annual allowance exceeded	3.1	2.1
	549.2	539.7

6. Payments to and on account of leavers

	2022 £ million	2021 £ million
Individual transfers out to other schemes	100.8	123.2
	100.8	123.2

7. Administrative expenses

	2022 £ million	2021 £ million
Administration and processing	4.0	3.3
Pension Protection Fund	0.3	0.4
Actuarial fees	1.5	1.0
Trustee fees	0.1	0.1
Audit fees	0.1	0.1
Legal fees	0.1	0.1
Other professional fees	0.1	0.1
	6.2	5.1

The administration of the Fund is provided by Shell International Limited, Trustee Services Unit (SIL TSU). In 2022, SIL TSU charged the Fund £3.9 million (2021: £3.2 million). Pensioner/deferred Member Trustee Directors are remunerated by the Fund and fees totalling £110,000 were paid during 2022 (2021: £110,000).

8. Investment income

	2022 £ million	2021 £ million
Dividends from equities	40.8	69.1
Income from fixed interest	184.0	169.2
Net rents from properties	28.6	23.7
Income from pooled investment vehicles	35.6	25.6
Net receipts/(payments) from swaps	42.6	(34.3)
Stock lending commission	2.4	3.0
Other income	0.5	0.2
Results on repurchase agreement positions/Results on cash deposits	(70.4)	(0.3)
	264.1	256.2

Dividends from equities are stated net after deduction of withholding tax of £3.4 million (2021: £5.1 million).

Income from pooled investment vehicles is stated net after deduction of withholding tax of £5.6 million (2021: £2.4 million).

Net rents from properties are stated after deducting £4.5 million (2021: £4.6 million) of property related expenses.

During 2022 the interest cost related to the repurchase agreement ('repo') positions increased, this resulted overall in an expense position.

9. Reconciliation of net investments

	Value as at 1.1.2022	Purchases at cost and derivative payments	Sales proceeds and derivative receipts	Change in market_value	Value as at 31.12.2022
	£ million	£ million	£ million	£ million	£ million
Equities	2,631.7	371.4	(1,924.7)	(235.5)	842.9
Equities externally managed	473.3	127.6	(401.4)	(30.7)	168.8
Fixed interest	10,421.3	11,702.8	(6,108.7)	(3,736.2)	12,279.2
Fixed interest externally managed	122.0	32.1	(136.2)	(17.8)	0.1
Property	568.8	25.5	(29.4)	(92.5)	472.4
Pooled investment vehicles	4,097.0	390.5	(749.2)	113.2	3,851.5
Derivatives	34.0	495.9	(160.1)	(307.6)	62.2
AVC investments	59.4	4.1	(5.7)	(3.1)	54.7
	18,407.5	13,149.9	(9,515.4)	(4,310.2)	17,731.8
Cash	170.7			(22.6)	123.4
Other investment balances	(936.3)				(4,947.4)
	17,641.9			(4,332.8)	12,907.8

Other investment balances includes repos held by the Fund for the purposes of increasing the level of liability hedging.

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year. Cash flows for derivative contracts represent amounts settled during the year. For cash and other investment balances, the amounts recorded under purchases and sales are net balances that are not attributable to a change in market value. The decrease in the market value in 2022 has been discussed in the Investment Performance section.

10. Investment management expenses

	2022	2021
	£ million	£ million
Administration and management	16.2	15.1
External managers	5.1	3.7
Global custodian fees	0.6	1.2
Investment advice to Trustee	0.9	1.0
Other	0.4	0.5
	23.2	21.5

Shell Asset Management Company B.V. (SAMCo) is the appointed Investment Manager of the Fund and charged the Fund £16.2 million (2021: £15.1 million). Other fees include £75,000 in respect of responsible ownership services (2021: £75,000).

11. Investment transaction costs

Transaction costs are included in the cost of purchases and deducted from sales proceeds in the reconciliation in Note 9. Direct transaction costs incurred are analysed as follows:

			2022	2021
	£ million Equities	£ million Other	£ million Total	£ million Total
Fees	0.7	0.3	1.0	1.0
Taxes	0.3	-	0.3	0.7
Other	0.5	-	0.5	0.4
	1.5	0.3	1.8	2.1

In addition to the direct transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on pooled investment vehicles and charges made within those vehicles.

12. Property

	2022 £ million	2021 £ million
Direct Property		
UK freehold property	381.4	478.9
UK long leasehold property (over 50 years unexpired)	90.1	81.5
UK short leasehold property (under 50 years unexpired)	0.8	1.6
	472.3	562.0
UK Indirect property	0.1	6.8
	472.4	568.8

Property is valued at 31 December by independent valuers, Savills UK Limited and Knight Frank LLP. The valuation is prepared on the basis of Market Value as determined in accordance with the Royal Institution of Chartered Surveyors' ("RICS") Valuation – Global Standards (incorporating the IVSC International Valuation Standards) effective from 31 January 2020 together with the UK National Supplement effective 14 January 2019, together the "RICS Red Book".

13. Pooled investment vehicles

The Fund's investments in pooled investment vehicles at the year-end comprised:

	2022 £ million	2021 £ million
Hedge funds	834.0	912.0
Private equity and Real Estate Funds	2,713.7	2,912.4
Opportunity-driven investments	303.8	272.6
	3,851.5	4,097.0

Included within Private equity and Real Estate Funds is one wholly owned subsidiary.

Excalibur Holding Corporation (Excalibur), an investment company, was incorporated on 3 October 2002, under the laws of the State of Delaware and is wholly owned by Shell Pensions Trust Limited (SPTL) as Trustee of the Fund. The objective of the Company is to invest capital, in particular in private equity funds. The value at 31 December 2022 was £30.2 million (2021: £28.9 million).

Realised and unrealised gains on investments held by subsidiaries are included within the change in market value of investments for the Fund. All other income and expenditure items from subsidiary activities are included within investment income in Note 8.

The Fund is also the sole investor in 'M&G Inflation Opportunities Fund II' consisting of ground rents and bonds. The value at 31 December 2022 was £172.6 million (2021: £177.8 million). This investment is included within Private equity and Real Estate Funds.

14. Derivatives

Objectives and policies for holding derivatives

Derivatives are used for portfolio risk and asset management purposes. The types of derivatives that the asset manager can use are agreed and governed by the investment management agreement. The purpose the various instruments are used for is summarised below.

Interest futures are mainly used to modify the duration of the fixed income securities portfolio to align it with the benchmark. Futures can be a more efficient way to modify the duration than transacting fixed income securities. Equity futures are used to efficiently increase or decrease exposure to certain markets.

Interest rate swaps and inflation swaps are used if these are considered to be an efficient way to:

- modify the portfolio interest exposure in different currencies;
- reduce the portfolio risk to the impact of interest rate fluctuations including liability hedging; or
- reduce the portfolio inflation rate risk exposure, including real liability hedging.

Credit default swaps are used to hedge in an efficient way the credit risk of individual fixed income instruments in the portfolio as well as to replicate the credit exposure of fixed income instruments. Equity swaps are used if these are considered an efficient means to create exposure to certain markets.

Foreign exchange derivatives are only used for hedging against foreign exchange rate movements on investments denominated in currencies other than sterling.
Currency hedging targets are agreed with the asset manager and these can vary between asset class and currency.

	2022 Assets £ million	2022 Liabilities £ million	2021 Assets £ million	2021 Liabilities £ million
Derivative contracts				
Swaps - OTC				
Equity Swaps	5.5	(6.9)	9.6	(6.6)
Credit Default Swaps	17.8	(9.3)	5.7	(18.1)
Index Linked Swaps	0.1	(0.4)	18.4	(5.1)
Interest Rate Swaps	0.1	(1.5)	5.6	(7.4)
Overnight Index Swaps	15.6	(2.5)	14.1	(11.1)
	39.1	(20.6)	53.4	(48.3)
Foreign Exchange - OTC				
FX derivatives	97.0	(53.3)	55.6	(26.7)
	136.1	(73.9)	109.0	(75.0)
Net derivatives	62.2	-	34.0	-

The net derivatives position in the table above represents unrealised gains or losses and is netted per counterparty – given all counterparties with Over The Counter (OTC) derivatives have an International Swaps and Derivatives Association (ISDA) and Credit Support Annex (CSA) contract. At 31 December 2022 cash collateral transferred amounted to £830.7 million (2021: £43.6 million) and cash collateral received amounted to £91.2 million (2021: £32.3 million).

Type of contract	Expiration	Notional value £ million	2022 Assets £ million	2022 Liabilities £ million
Futures - Exchange Traded				
Bond Future Long	March 2023	245.1	-	-
Bond Future Short	March 2023	(652.8)	-	-
Interest Rate Future Long	March 2023	313.3	-	-
Interest Rate Future Short	March 2023	(810.9)	-	-

The notional value is the nominal value of securities purchased or sold that is used to calculate payments made. The market value of the futures is nil as contracts are settled on a daily basis.

Type of contract Swaps	2022 Notional principal £ million	2022 Assets £ million	2022 Liabilities £ million
Equity Swaps	142.8	5.5	(6.9)
Credit Default Swaps	1,487.4	17.8	(9.3)
Index Linked Swaps <10 Years	44.0	-	(0.3)
Index Linked Swaps >10 Years	6.8	0.1	(0.1)
Index Linked Swaps	50.8	0.1	(0.4)
Interest Rate Swaps <10 Years	21.8	0.1	(1.5)
Interest Rate Swaps >10 Years	-	-	-
Total Interest Rate Swaps	21.8	0.1	(1.5)
Overnight Index Swaps <10 Years	159.0	12.7	(0.7)
Overnight Index Swaps >10 Years	24.8	2.9	(1.8)
Total Overnight Index Swaps	183.8	15.6	(2.5)
Total Swaps	1,886.6	39.1	(20.6)

The notional principal of the swap is the amount used to determine the value of the swapped interest receipts and payments.

The table below aggregates the exposures to currencies acquired or sold through over the counter (OTC) foreign exchange derivative (i.e. forwards and swaps) contracts. Contracts are typically short term in nature with maturities less than one year. The asset/liability represents the unrealised gain/loss that would crystallise if the contract was closed out at the reporting date, based on the market exchange rate at 31 December.

Currency Bought	Currency Sold	2022 Notional principal £ million	2022 Assets £ million	2022 Liabilities £ million
GBP	AUD	25.7	0.0	(0.2)
GBP	CHF	34.0	-	(0.2)
GBP	EUR	1,509.6	-	(26.8)
GBP	JPY	74.3	-	(4.4)
GBP	SEK	8.5	-	(0.1)
GBP	USD	2,913.7	91.1	(15.5)
USD	Various	40.5	0.2	(0.3)
Various	Various	240.4	5.7	(5.8)
		4,846.7	97.0	(53.3)

Notional principal amounts are aggregated to reflect the exposure to both legs of the contract.

15. Additional Voluntary Contribution (AVC) investments

Additional Voluntary Contributions (AVCs) are invested separately from the main Fund, the majority under the terms of arrangements made between the Trustee of the Fund and two AVC Managers: Legal & General Assurance Society Limited and ReAssure Limited. The contributions secure additional benefits on a money purchase basis for those Members electing to pay AVCs. Subject to the Trustee receiving the information necessary to provide such statements from AVC providers, members participating in these arrangements each receive an annual statement showing the value of their AVCs as at 31 March and the movements in the year.

Included is AVC contract with Aviva in respect of former Members of the Enterprise Oil Pension Scheme with a value of £0.07 million at 31 December 2022 (31 December 2021: £0.07 million).

16. Cash and other net investment balances

	2022 £ million	2021 £ million
Sterling & foreign currency deposits	123.4	170.7
Accrued interest and dividends	6.1	62.6
Cash collateral receivable	830.7	43.6
Reverse repurchase agreement	107.1	340.2
Amounts due from brokers	43.0	25.5
	1,110.3	642.6
Repurchase agreement	(5,716.0)	(1,010.4)
Cash collateral payable	(198.3)	(372.5)
Amounts due to brokers	(20.0)	(25.3)
	(5,934.3)	(1,408.2)
	(4,824.0)	(765.6)

The values of the underlying securities held by the Fund under (reverse) repurchase agreements are the same as the receivable and payable balances in the table above.

17. Stock lending

Securities that had been loaned as part of securities lending programmes are included in the Statement of Net Assets. At year-end the collateral pledged by the recipients of the securities on loan was 106% (2021: 106%) for fixed interest securities and 103% (2021: 106%) for equities and is held in the form of the relevant underlying instruments. This excess is to cover the risk of non return of securities on loan. Under the terms of the programmes, the Fund may instruct that securities be returned within the normal settlement period appropriate for the sale of such a security.

	2022		2022		2021		2021	
	Cash Collateral		Non-Cash Collateral		Cash Collateral		Non-Cash Collateral	
	Market Value of Loans	Collateral	Market Value of Loans	Collateral	Market Value of Loans	Collateral	Market Value of Loans	Collateral
	£ million	£ million	£ million	£ million	£ million	£ million	£ million	£ million
Fixed interest securities	25.8	26.5	73.4	78.1	247.6	257.8	744.0	795.1
Equities	78.5	80.6	119.7	124.4	80.0	82.4	159.1	170.0
	104.3	107.1	193.1	202.5	327.6	340.2	903.1	965.1

18. Fair value of investments

The fair value of investments has been determined using the following hierarchy:

Level 1 → The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.

Level 2 → Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.

Level 3 → Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Fund's investment assets and liabilities have been included at fair value within these categories as follows:

	Level 1	Level 2	Level 3	2022 Total
	£ million	£ million	£ million	£ million
Investment assets				
Equities	1,011.7	-	-	1,011.7
Fixed income instruments	3,036.4	8,987.5	255.4	12,279.3
Property	-	-	472.4	472.4
Pooled investment vehicles	-	-	3,851.5	3,851.5
Derivatives	-	136.1	-	136.1
AVC investments	-	-	54.7	54.7
Cash	123.4	-	-	123.4
Other investment balances	986.9	-	-	986.9
	5,158.4	9,123.6	4,634.0	18,916.0
Investment liabilities				
Derivatives	-	(73.9)	-	(73.9)
Other investment balances	(5,934.3)	-	-	(5,934.3)
	(5,934.3)	(73.9)	-	(6,008.2)
Total net investments	(775.9)	9,049.7	4,634.0	12,907.8

Analysis for the prior year end is as follows:

	Level 1	Level 2	Level 3	2021 Total
	£ million	£ million	£ million	£ million
Investment assets				
Equities	3,105.0	-	-	3,105.0
Fixed income instruments	2,013.3	7,706.9	823.1	10,543.3
Property	-	-	568.8	568.8
Pooled investment vehicles	-	-	4,097.0	4,097.0
Derivatives	-	109.0	-	109.0
AVC investments	-	-	59.4	59.4
Cash	170.7	-	-	170.7
Other investment balances	471.9	-	-	471.9
	5,760.9	7,815.9	5,548.3	19,125.1
Investment liabilities				
Derivatives	-	(75.0)	-	(75.0)
Other investment balances	(1,408.2)	-	-	(1,408.2)
	(1,408.2)	(75.0)	-	(1,483.2)
Total net investments	4,352.7	7,740.9	5,548.3	17,641.9

19. Investment risks

Types of risk relating to investments

As the Trustee recognises that the Fund is exposed to investment, funding and operational risks, its approach is to integrate management of those risks throughout the Fund. The investment manager and the investment advisor give quantitative and qualitative consideration to operational, funding and investment risk when advising on investment policy, Strategic Asset Allocation, investment strategy and manager selection.

In accordance with FRS 102, the Fund is exposed to the following investment risks:

1. Credit Risk: the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.
2. Market risk: the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises:
   i) Interest rate risk: the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.
   ii) Currency risk: the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates
   iii) Other price risk: the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The overall investment risk taken by the Trustee is diversified across a range of different investment opportunities, which in aggregate are expected to provide excess return relative to Gilts and Fund liabilities based on technical provisions over time.

The Trustee aims to diversify the asset allocation exposures geographically, by asset class and across active management strategies. In terms of the management of currency risk, the Trustee's policy within its Strategic Asset Allocation ('SAA') is to hedge back to Sterling an appropriate proportion of currency exposure.

The following table summarizes the extent to which the various classes of investments are affected by financial risks. In the case of pooled investment vehicles, the risk can be direct or indirect.

	Credit risk	Currency risk	Interest rate risk	Other price risk	2022	2021
					£ million	£ million
Fixed income instruments	●	◐	●	○	12,279.3	10,543.3
Equities	○	◐	○	●	1,011.7	3,105.0
Pooled investment vehicles	●	◐	●	●	3,851.5	4,097.0
Property	○	◐	○	●	472.4	568.8
Derivatives	◐	●	●	○	62.2	34.0
AVC	●	○	○	●	54.7	59.4
Cash deposits and other assets/liabilities	●	◐	○	○	(4,824.0)	(765.6)
					12,907.8	17,641.9

In the table above, the risk noted affects the asset class [●] significantly, [◐] partially or [○] hardly/not at all.

Further information on the Trustee's approach to risk management, credit and market risk is set out below. This does not include the AVC investments as these are not considered significant in relation to the overall investments of the Fund.

Investment strategy

The main investment objective of the Trustee is to ensure the sufficiency of the Fund's assets in order to pay benefits as they fall due. Over time the Trustee aims to reach a funding position where there is low dependency on the covenant of the Company. The strategy to achieve this is in motion and involves reducing the risk over time by reducing the holding in return-seeking assets and investing more in defensive investments whose behaviour is similar to liabilities.

The Trustee sets an investment strategy considered appropriate for the Fund taking account of how much risk the Trustee, in consultation with the Sponsor, wishes to take and consistent with the objective of paying all benefits due on time. In order to define its investment approach, the Trustee, in conjunction with its advisors undertakes an Asset Liability Modelling ('ALM') study which tests potential funding outcomes under different scenarios to help in agreeing the SAA.

The ALM expresses the Trustee's investment approach and defines the required returns and acceptable risk tolerance for the Fund's assets. While the terms of the SAA are decided by the Trustee on the recommendation of the Investment and Funding Committee, its implementation and more granular decisions in respect of asset allocation are managed by the Investment Manager and are documented in the IMA.

The SAA allocation as at December 2022 is:

- 62% net allocation to liability hedge assets, with a target hedge ratio of 95% of low reliance liabilities. As at 31 December 2022, this comprised an 85% gross holding of inflation-linked gilts and long-lease property, and a (23%) in repos. The cash flows from these assets can be expected to closely match a defined proportion of the expected liability cash flows of the Fund. The overall purpose of these investments is to hedge against the impact of interest rate and inflation movements on long term liabilities.
- 13% allocation to investment grade assets. This portfolio is expected to generate stable returns above a cash benchmark and comprises developed market sovereign debt and investment grade credit assets.
- 25% allocation to other, return seeking assets, where long-term growth can be generated in order to provide for the remaining expected cash flows for beneficiaries. These assets comprise government and corporate bonds, interest rate, credit, and money market derivatives, quoted equity and equity derivatives, and alternative strategies including private equity, property, hedge funds, infrastructure and opportunity-driven investments.
- Whereas the Fund may have material exposures to overseas assets, denominated in currencies which may fluctuate relative to Sterling, the Trustee's policy within the SAA is to hedge back to Sterling an appropriate proportion of currency exposure.

The strength of the Sponsor covenant along with a number of other factors may affect the Trustee's appetite for risk, including the Fund's funding position, its cash-flow profile and its liability profile. The Trustee monitors these factors regularly and may alter its investment objectives, risk tolerance and/or return target as appropriate in the event of any significant changes.

Credit risk

The Fund is subject to credit risk because the Fund directly invests in fixed income instruments, over-the-counter ('OTC') derivatives, has cash balances, undertakes security lending activities and enters into (reverse) repurchase agreements. The Fund is also exposed to credit risk arising on some of the financial instruments held by the pooled investment vehicles.
A summary of exposures to credit risk is given in the following table, the notes below which explain how this risk is managed and mitigated for the different classes:

	2022 £ million	2021 £ million
Investment assets exposed to credit risk		
Fixed income instruments	12,279.3	10,543.3
Pooled investment vehicles	3,851.5	4,097.0
Derivatives	62.2	34.0
AVC investments	54.7	59.4
Cash deposits and other investment assets	(4,824.0)	(765.6)
	11,423.7	13,968.1

Other investment assets includes repos held by the Fund for the purposes of increasing the level of liability hedging.

Investment guidelines have been established to manage the credit risk related to fixed interest and index-linked securities. These investment guidelines consist of limits regarding exposure and credit rating. The limits are monitored periodically to ensure compliance with the guidelines. Instruments with a rating at CCC and lower are not permitted unless they are part of the benchmark.

Credit risk arising on derivatives depends on whether the derivative is exchange traded or over-the-counter (OTC). OTC derivatives are not guaranteed by any regulated exchange and therefore the Fund is subject to risk of failure of the counterparty. The credit risk for OTC derivatives is reduced by collateral arrangements which are partly securities collateral and partly cash collateral arrangements. All OTC derivative counterparties are required to be at least of investment grade.

The Trustee considers financial instruments or counterparties to be of investment grade if they are rated at BBB- or higher by Standard & Poor's, or rated at Baa3 or higher by Moody's.

Cash is held within financial institutions which are at least investment grade credit rated.

The Trustee manages the credit risk arising from security lending activities by restricting the amount of overall securities that may be lent, only lending to borrowers who are rated at least at investment grade, limiting the amount that can be lent to any single borrower and putting in place collateral arrangements.

Credit risk on repurchase agreements is mitigated through cash collateral arrangements.

Credit risk arising from pooled investment vehicles is mitigated by diversification of investments amongst a number of pooled arrangements as well as by carrying out due diligence checks on the appointment of new pooled investment managers and on an ongoing basis monitoring any changes to the operating environment of the pooled manager.

The Fund invests in a wide range of pooled investment vehicles which includes units or interests in limited partnerships, shares in corporations, shares in corporate partnerships, interests in open-ended unit trusts and interests in real estate investment trusts (REITs).

The Fund uses gilt repos to increase the degree of matching between assets and liabilities. In the event of rises in gilt yields, additional collateral must be posted by the Trustee, creating liquidity risk. To manage this risk, the Trustee adopts a cautious approach to collateral cover and monitors this coverage on a quarterly basis. As of 31 December 2022, the Fund's collateral pool could withstand a 595 basis point shock before exhaustion. In addition, the Fund's normally liquid and semi-liquid assets (typically realisable within one week) provided an additional 748 basis points of coverage.

The Fund is also subject to "repo roll risk". This is the risk that refinancing terms are unfavourable when existing repos expire. SAMCo manage the repo portfolio on behalf of the Trustee and mitigate roll risk by spreading expiry dates over the year and avoiding quarter-ends. Repo credit risk is mitigated through the use of multiple counterparties.

Currency risk

The Fund is subject to currency risk as some of the Fund's investments are held in overseas markets. The Trustee has defined a currency hedging strategy that defines the target hedge percentage for each currency per asset class. The strategy is implemented through currency forwards and swaps.

The net currency exposure was:

GBP £million	Exposure	Hedge positions	2022 Net exposure	Exposure	Hedge positions	2021 Net exposure
Euro	1,772	1,505	267	2,604	2,046	558
US dollars	3,181	2,865	316	3,981	2,920	1,061
Japanese yen	70	74	(4)	264	222	42
Other currencies	407	214	193	1,365	162	1,203
Total	5,430	4,658	772	8,214	5,350	2,864

Interest rate risk

The Fund is subject to interest rate risk because some of the Fund's investments are held in fixed interest securities, index-linked securities, interest rate swaps and bond futures. The Trustee has set a strategic asset allocation for total fixed income investments of 80%, of which 75% is considered part of the risk reducing assets, where the cash flows can be expected to broadly match a proportion of the expected liability cash flows of the Fund. The remaining 5% is part of the return seeking assets.

Other price risk

Other price risk arises principally in the return seeking assets, which include equities, equity futures and swaps, investment property, hedge funds, private equity, opportunity-driven investments, and infrastructure.

The Fund manages the exposure to overall price movements by diversifying the asset allocation exposures geographically, by asset class, and across active management strategies.

20. Concentration of investments

In 2022 there were no individual investments (other than in United Kingdom Government securities) of 5% or more of the net assets of the Fund (2021: Nil).

21. Employer-related investments

Fund assets are invested in accordance with The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations.

The previous RDS A and B shares were converted in January 2022 to a single share of Shell plc. On 31 December 2022, the Fund held 71,539 of Shell plc shares which together represented 0.01% of the Fund (2021: 0.03%). These shareholdings were in line with the requirements of the Statement of Investment Principles, which stipulate that the weighting should not exceed that in the relevant market index.

22. Current assets

	2022 £ million	2021 £ million
Cash balances	6.9	4.0
	6.9	4.0

23. Current liabilities

	2022 £ million	2021 £ million
Unpaid benefits	5.0	2.6
Other creditors	8.7	8.1
	13.7	10.7

24. Related party transactions

At 31 December 2022, Related Party Transactions (other than described in Notes 4, 7 and 10) were as follows:

During the year, eight Members of the Trustee Board (2021: ten) were pensioners, deferred pensioners or active members of the Fund. Five (2021: five) were remunerated by the Fund (see Note 7 Administrative expenses).

Mr T D R Morrison and Mr A Davies are Trustee Nominated Directors of Shell Pension Reserve Company (UK) Limited, the company which holds and maintains the Contribution Reserve Account.

Shell Pensions Trust Limited's bank accounts are used for the receipt and payment of annuities from Legal & General Assurance Society Limited in respect of London and Thames Haven Oil Wharves Limited Superannuation Funds totalling £2,531 (2021: £2,531).

25. Contingencies and commitments

There were contractual commitments in respect of pooled investment funds for £961.5 million at the end of 2022 (2021: £1,245.2 million), that are due to be settled over a period of 6 years.

There were contractual commitments in respect of loans for £149.0 million at the end of 2022 (2021: £149.7 million), that are due to be settled over a period of 2 years.

As at the year end, there was one property under contract to sell; V Shed and South Building, Bristol, which completed for £10.3 million on 6th January 2023; and one property under offer to sell: Donegall Place, Belfast, which completed for £5.1 million on 1st February 2023.

26. Contingent Asset

An alternative funding method was agreed with the Trustee Board in April 2014 after detailed discussions between all parties including independent legal and actuarial advisers. With effect from 1 May 2014 the Company contributions required to meet the statutory requirements continue to be made to the SCPF but payments in excess of those required to be made by law are made into a secure and separate Shell company account called the Contribution Reserve Account ('CRA'). Subject always to the terms of a Framework Deed which governs the operation of the CRA, (a) payments can be made from the CRA to the SCPF, over and above any paid by the Company directly into the SCPF and (b) payments can be returned to the Company.

The market value of the CRA stood at £788.8 million as at 31 December 2022 (2021: £673.7 million).

The assets held within the CRA have not been recognised within these financial statements due to the criteria required for release from the CRA to the Fund not being met. As such, the £788.8 million asset held within the CRA as at 31 December 2022, is deemed to be a contingent asset of the Fund.

27. GMP Equalisation

On 26 October 2018, the High Court handed down a judgment involving the Lloyds Banking Group's defined benefit pension schemes. The judgment concluded that many defined benefit pension schemes should be amended to equalise GMP pension benefits for men and women. Under the ruling schemes are required to backdate benefit adjustments in relation to GMP equalisation and provide interest on the backdated amounts. The Trustee has obtained an estimate of the backdated benefits and related interest which relate to equalisation of scheme benefits based on the Trustee's view of the most likely GMP equalisation methodology to be adopted. This has been recognised as an accrual in the Fund's financial statements for the year ended 31 December 2022.

A further court case was heard in 2020 concerning whether historical statutory transfer values paid out of the Fund before 2018 need to be equalised. The court ruling, made on 20 November 2020, confirmed that for all transfers with GMPs built up between 17 May 1990 – 5 April 1997, the GMPs need to be equalised. The 2018 ruling covered the current members in the Fund at that time. The 2020 ruling concerns a different population of former members that have transferred out, meaning the 2020 equalisation is a further additional liability to the Fund. The impact of GMP equalisation on historical transfers out of the Fund for 31 December 2022 reporting is not material and therefore has not been provided for in the Financial Statements.

28. Subsequent events

There were no subsequent events requiring disclosure in the financial statements.

Independent Auditor's Statement about Contributions to the Trustee of the Shell Contributory Pension Fund

We have examined the summary of contributions to the Shell Contributory Pension Fund in respect of the Fund year ended 31 December 2022 to which this statement is attached.

In our opinion contributions for the Fund year ended 31 December 2022 as reported in the summary of contributions and payable under the Schedule of Contributions have in all material respects been paid at least in accordance with the Schedule of Contributions certified by the Fund actuary on 29 June 2021.

Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the summary of contributions on page 52 have in all material respects been paid at least in accordance with the Schedule of Contributions. This includes an examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Fund and the timing of those payments under the Schedule of Contributions.

Respective responsibilities of Trustee and the auditor

As explained more fully in the Statement of Trustee's Responsibilities, the Fund's Trustee is responsible for preparing, and from time to time reviewing and if necessary revising, a schedule of contributions and for monitoring whether contributions are made to the Fund by the employer in accordance with the schedule of contributions.

It is our responsibility to provide a Statement about Contributions paid under the Schedule of Contributions and to report our opinion to you.

Use of our statement

This statement is made solely to the Fund's Trustee, as a body, in accordance with regulation 4 of the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, made under the Pensions Act 1995. Our audit work has been undertaken so that we might state to the Fund's Trustee those matters we are required to state to it in an auditor's statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Fund's Trustee as a body, for our work, for this statement, or the opinions we have formed.

Ernst & Young LLP

Ernst & Young LLP
Statutory Auditor
Reading

DATE: 31 JULY 2023

Summary of Contributions for the year ended 31 December 2022

During the year ended 31 December 2022, the contributions payable to the Fund were as follows:

	Employees £ million	Employers £ million
Required by the schedule of contributions		
Normal contributions	0.2	-
Salary Sacrifice	-	9.6
Total	0.2	9.6
Other contributions payable		
Additional voluntary contributions	4.1	-
Total	4.1	-
Total (as per Fund Account)	4.3	9.6

Signed on behalf of the Trustee:

DocuSigned by: A5EB350FC31F498...	T D R Morrison	Director
DocuSigned by: 84C2925CD0714D0...	R M Hussain	Director

Date: 26 July 2023

Schedule of Contributions

Introduction

This schedule of contributions is required by Section 227 of the Pensions Act 2004. It requires the agreement of Shell Pensions Trust Limited ("the Trustee") and each of the Member Companies (or someone nominated by them in writing to act on their behalf). It comes into effect on the date of certification by the Scheme Actuary and covers the period until 30 June 2026.

Member Companies

This schedule covers contributions to the Fund from the following Member Companies:

The Shell Petroleum Company Limited (Founding Company)
Shell Petroleum N.V. (Founding Company)
The Shell Transport and Trading Company Limited
Shell International Petroleum Company Limited
Shell Chemicals Limited
Shell International Limited
Shell International Trading and Shipping Company Limited
Shell Research Limited
Shell UK Limited
Shell Information Technology International Limited
Shell UK Oil Products Limited
Shell Catalysts & Technologies Limited
Derivatives Trading Atlantic Limited

This schedule will also apply to any new Member Company that is admitted to membership of the Fund during its currency. It will cease to apply to a Member Company if and when that Company's Fund membership ceases.

Salary sacrifice arrangement

The Member Companies operate a salary sacrifice arrangement under which the employee contributions (other than any additional voluntary contributions) of active members of the Fund who have not opted out of the arrangement ("Salary Sacrifice Members") are paid instead by the Member Companies.

Member Companies' contributions

The Member Companies will contribute the following amounts to the Fund during the period to which this schedule relates:

- 2% of Pensionable Salary up to £30,000 p.a. plus 6% of Pensionable Salary in excess of £30,000 p.a. in respect of Salary Sacrifice Members (other than Pre-2009 Members who have completed 36 years' pensionable service)

- 0% of Pensionable Salaries, in respect of other Members

The Member Companies will ensure that the Trustee receives these contributions within two months of the end of the calendar month to which the contributions relate.

Pension Protection Fund levy

The estimated Pension Protection Fund levy is included in the calculation of the Member Companies' contribution rate set out in this schedule. The assumed annual amount incorporated for this purpose is currently £0.3M.

Payments to cover Augmentations

The Member Companies will pay such contributions (if any) as:

- The Actuary requires or notifies in accordance with Clause 30(4) or Clause 30A(3) of the Trust Deed, or
- The Trustee, having consulted the Actuary in accordance with Part A Regulation 22(7) or Part A Regulation 24(5), requires

to cover the cost of benefit augmentations, including any augmentations granted when members leave service under the Member Companies' severance terms. These contributions will be paid within three months of the later of the date of granting the augmentation and the date on which the Trustee receives details of the amounts to be paid from the Actuary or the Trustee Services Unit, or by such later date as may be agreed to by the Trustee. The cost may, where appropriate, be determined by the Trustee Services Unit in accordance with the instructions issued by the Actuary.

Employee contributions

Each active Member of the Fund (other than a Pre-2009 Member who has completed 36 years' pensionable service) will contribute to the Fund as follows during the period to which this schedule relates:

- 0% of Pensionable Salaries, in respect of Salary Sacrifice Members
- 2% of Pensionable Salary up to £30,000 p.a. plus 6% of Pensionable Salary in excess of £30,000 p.a., in respect of other Members.

These amounts do not include any employees' additional voluntary contributions payable under Clause 7A of the Trust Deed of the Fund.

The Member Companies will ensure that the Trustee receives the contributions payable by their employees (including any additional voluntary contributions) within 19 days of the end of the calendar month in which the contributions were deducted from employees' salaries. The date of receipt will be taken as the date on which the contributions become available for the Trustee to use.

Signed on behalf of all Member Companies

Signature:	M D Clark		
Capacity:	VP Group Pensions	Date:	29 June 2021

Signed on behalf of Shell Pensions Trust Limited

Signature:	T D R Morrison		
Capacity:	Chair of the Trustee Board	Date:	29 June 2021

Actuarial Certificate of Schedule of Contributions Given for the Purposes of Section 227 of the Pensions Act 2004

Name of Scheme: Shell Contributory Pension Fund

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2020 to continue to be met for the period for which the schedule is to be in force.

   I also certify that any rates of contributions forming part of this schedule which the scheme requires me to determine are not lower than I would have provided for had I had responsibility for preparing or revising the schedule, the statement of funding principles and any recovery plan.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 29 June 2021.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Signature	M Webb	Date	29 June 2021
Name	Michael Webb FIA Scheme Actuary	Qualification	Fellow of the Institute and Faculty of Actuaries
Address	Parkside House Ashley Road Epsom Surrey KT18 5BS	Name of Employer	Aon Solutions UK Limited