

The REMCO also considered a range of other factors in finalising its remuneration decisions for 2024, including:

- Shell's performance in 2024 and over the LTIP performance period 2022-2024, and the formulaic outcomes of the bonus and the LTIP performance conditions;
- the impact of fatalities on the formulaic scorecard outcome;
- absolute and relative TSR performance over the period;
- a range of factors that take account of Shell's performance beyond the formulaic outcomes of the variable pay structures, including safety, reputation, ethics and compliance, and feedback from the ARC and SUSCO; and
- the external environment and wider stakeholder experience, including shareholders' expectations with regard to executive pay decision-making and the employee experience;

- the Executive Directors' remuneration compared with the variable pay outcomes for the general workforce;
- the alignment of the Executive Directors with the shareholder experience through their high shareholding requirements; and
- the Executive Directors' remuneration compared with historical outcomes.

After reflecting on the above factors, the REMCO was satisfied with the single figure outcomes for the CEO and the CFO.

Malus and clawback

No malus or clawback provisions were applied during 2024.

2024 LTIP

Scheme interests awarded to Executive Directors in 2024 (audited)

In 2024, the Executive Directors were awarded conditional share awards under the LTIP as set out in the table below. In approving the awards, the REMCO considered Shell's historical share price, including the share price over the prior year, and noted that the share price at award was in line with that in 2023 and was higher than average historical levels. The REMCO determined that the risk of windfall gain was limited, and therefore no adjustment was made to the award size.

Scheme interest type	Type of interest awarded	End of performance period	Target award [A]	Potential amount vesting	
				Minimum performance (% of shares awarded) [B]	Maximum performance (% of shares of the target award)
LTIP	Performance shares	December 31, 2026	Wael Sawan: 169,937 London-listed ordinary shares, equivalent to 3.0 x base salary or £4,200,000. Sinead Gorman: 101,051 London-listed ordinary shares, equivalent to 2.7 x base salary or £2,497,500.	0	Maximum number of shares vesting is 200% of the shares awarded, before dividends.

[A] The awards for both Executive Directors were made based on the closing market price on the date of award, February 2, 2024, for ordinary shares of £24.72.

[B] Minimum performance relates to the lowest level of achievement, for which there is no vesting.

The performance conditions and weightings applying to LTIP awards made in 2024 were: relative cash generation (25% weighting), relative TSR (25%), absolute OFCF (25%), and energy transition (25%).

Relative performance conditions

The relative performance conditions are based on our performance on key financial and external measures against our closest comparators.

Cash generation is defined as CFFO divided by average capital employed, and measures Shell's ability to generate the top-line cash flow to finance investment in our business and shareholder distributions.

TSR measures actual value created for shareholders (i.e. change in share price plus dividends) and, as in prior years, is calculated in US dollars using a 90-day averaging period.

Vesting under each relative performance condition is assessed independently, with the vesting outcome ranging from 0% to 200% of the target award in respect of the measure, in accordance with the following vesting schedule:

- ranking first equals 200% vesting;
- ranking second equals 150% vesting;
- ranking third equals 80% vesting; and
- ranking fourth or fifth equals 0% vesting.

Outperforming Shell's closest competitors on key financial metrics is challenging. The REMCO is aware that vesting for median performance is generally set at a limit of 25% of maximum for other UK companies, but notes that this is typically applied against a larger comparator group. A vesting outcome of 80% for median performance (40% of maximum) in a small comparator group is considered appropriate by the REMCO.

Absolute measures

Organic free cash flow (OFCF)

The OFCF performance condition supports the delivery of our cash flow priorities, which are to service and reduce debt, pay dividends, buy back shares and make future capital investments.

The performance targets for OFCF are set by reference to Shell's annual operating plans, based on the sum of plan OFCF targets over the three-year performance period, and updating the plan each year to reflect a changing price premise. The REMCO has a long-standing no-adjustments policy, and believes it is more appropriate to set the target based on the aggregation of the annual operating plans rather than setting a three-year target at the outset and making necessary adjustments at the end. OFCF targets are disclosed retrospectively and in aggregate, following the conclusion of the three-year period.

Under the OFCF performance condition, achievement of threshold performance will result in 40% of the target award (20% of maximum) in respect of the OFCF vesting, increasing to full vesting for achievement of outstanding performance. A straight-line vesting schedule will apply for performance between threshold and outstanding.

Energy transition

For the 2024 award, the REMCO's determination of the extent to which awards will vest will be based on its holistic assessment of progress towards reducing emissions from our operations and supporting customers to reduce their emissions. For more information, see the 2023 Directors' Remuneration Report. The key factors in the REMCO's decision will be disclosed at the end of the performance period (unless commercially sensitive).

For information on Shell's energy transition, see the Energy Transition Strategy 2024 on [shell.com](https://www.shell.com).

Performance update on OFCF

2023 LTIP award

At December 31, 2024, OFCF* performance was above target, with a strong outcome of \$35.9 billion for 2023 (target \$22.0 billion), and \$37.5 billion for 2024 (target \$24.0 billion). As one year of OFCF performance remains, and 75% of the award is subject to relative and energy transition performance conditions, this does not reflect the potential vesting of the award.

2024 LTIP award

At December 31, 2024, OFCF* performance was above target, based on \$37.5 billion for 2024 (target \$24.0 billion). As two years of OFCF performance remain, and 75% of the award is subject to relative and energy transition performance conditions, this does not reflect the potential vesting of the award.

Single figure of total remuneration for Non-executive Directors (audited)

	Fees		Taxable benefits [A]		Total	
	2024	2023	2024	2023	2024	2023
Dick Boer	220	192	9	20	229	212
Neil Carson	177	171	9	11	186	182
Ann Godbehere	186	184	36	68	222	252
Jane Holl Lute	166 [B]	164	59	35	225	199
Catherine Hughes	196 [B]	190	31	50	227	240
Sir Andrew Mackenzie	850 [C]	785	1	2	851	787
Sir Charles Roxburgh [D]	165 [B]	126	116	2	281	128
Bram Schot	150	150	10	15	160	165
Leena Srivastava [D]	155 [B]	120	15	—	170	120
Cyrus Taraporevala [E]	168 [B]	134	44	1	211	135

[A] UK regulations require the inclusion of benefits where these would be taxable in the UK, on the assumption that Directors are tax residents in the UK. On this premise, the taxable benefits include the cost of a Non-executive Director's occasional business-required partner travel. Shell also pays for travel between home and the head office, where Board and committee meetings are typically held, and related hotel and subsistence costs. For consistency, business expenses for travel between home and the head office are not reported as taxable benefits because for most Non-executive Directors this is international travel and hence would not be taxable in the UK.

[B] Fees disclosed are those in respect of 2024, of which £12,000 was paid in 2025.

[C] Fees disclosed are those in respect of 2024, of which £65,000 was paid in 2025.

[D] Appointed as a Director with effect from March 13, 2023.

[E] Appointed as a Director with effect from March 2, 2023.

* Non-GAAP measure (see page 445). The most comparable GAAP financial measure for organic free cash flow is cash flow from operating activities of \$54.7 billion for 2024.

Statement of Directors' shareholding and share interests (audited)**Shareholding guidelines**

The REMCO believes that Executive Directors should align their interests with those of shareholders by holding shares in Shell plc.

Only unfettered shares count towards an Executive Director's shareholding. Shares delivered that are subject to holding requirements also count towards the guidelines. The CEO and the CFO have five years from their respective appointment to the Board to achieve their respective shareholding requirements.

There is a Company-sponsored nominee account for each employee which allows for restrictions to be applied on the sale or transfer of shares that are subject to holding periods. The restrictions remain in force beyond the Executive Director's employment.

See page 210 for further details of the shareholding guidelines.

Directors' share interests

The interests, in shares of the Company or calculated equivalents, of the Directors in office during 2024, including any interests of their connected persons, are set out in the table below.

Directors' share and scheme interests (audited)

	Ordinary shares held at January 1, 2024	Ordinary shares held at December 31, 2024	Unvested and subject to performance conditions [A]	Shareholding guideline as % of salary	Current shareholding as % of salary [B]
Executive Directors					
Wael Sawan	179,406	266,533	476,070	700%	454%
Sinead Gorman	65,519	105,589	335,425	500%	272%
Non-executive Directors					
Dick Boer	10,000	10,000			
Neil Carson	16,000	16,000			
Ann Godbehere	10,000 [C]	10,000 [C]			
Jane Holl Lute	7,332 [D]	7,332 [D]			
Catherine Hughes	55,984 [E]	55,984 [E]			
Sir Andrew Mackenzie	37,175 [F]	37,175			
Sir Charles Roxburgh	2,000	5,000			
Bram Schot	—	—			
Leena Srivastava	—	—			
Cyrus Taraporevala	10,000 [G]	10,000 [G]			

[A] Includes unvested long-term incentive awards and notional dividend shares accrued at December 31, 2024. Interests are shown on the basis of the original awards, which can vest at between 0% and 200% based on performance. Dividend shares accumulate each year on an assumed notional LTIP award. Such dividend shares are disclosed and recorded on the basis of the number of shares conditionally awarded but, when an award vests, dividend shares will be awarded only in relation to vested shares as if the vested shares were held from the award date.

[B] Calculated using the £24.76 per share closing price on December 31, 2024, the last market day of 2024.

[C] Held as 5,000 ADS. Each ADS represents two ordinary shares.

[D] Held as 3,666 ADS. Includes purchases pursuant to a Dividend Reinvestment Scheme.

[E] Held as 50,984 ordinary shares and 2,500 ADS.

[F] Revised from 35,858 ordinary shares (as at December 31, 2023) in the 2023 Directors' Remuneration Report.

[G] Held as 5,000 ADS.

The changes to Directors' shareholdings as at March 7, 2025, are as follows:

- Wael Sawan's share interest increased by 108,275 ordinary shares after the delivery of the 2024 annual bonus shares and the vesting of the 2022 LTIP award; and
- Sinead Gorman's share interest increased by 105,341 ordinary shares after the delivery of the 2024 annual bonus shares and the vesting of the 2022 LTIP award.

At March 7, 2025, the Directors and Senior Management (pages 152 and 157) of the Company beneficially owned, individually and in aggregate (including shares under option), less than 1% of Company shares. These shareholdings are not considered sufficient to affect the independence of the Directors.

Dilution

In any 10-year period, no more than 5% of the issued ordinary share capital of the Company may be issued or issuable under executive (discretionary) share plans adopted by the Company, or 10% when aggregated with awards under any other employee share plan operated by the Company. To date, no shareholder dilution has resulted from these plans, although it is permitted under the rules of the plans, subject to these limits.

Payments for loss of office

There were no payments for loss of office to Executive Directors in 2024 (audited). During 2024, the former Company Secretary received €1,040,470 gross in voluntary severance payment, in line with local Dutch policy.

Payments to past Directors (audited)

Former CEO Ben van Beurden received an LTIP award of 209,131 ordinary shares in 2022, which has been pro-rated. The pro-rated award vested at 136% of target based on performance to December 31, 2024. Therefore, 161,777 ordinary shares (including accrued dividends) vested on March 6, 2025, with a value at vesting of £4,128,548. A three-year holding period applies, which remains in

force after termination. In respect of 2024, Ben van Beurden also received taxable benefits totalling £18,532, including £8,362 in gross-up costs.

Former CFO Jessica Uhl received taxable benefits of £38,046 in respect of 2024, the majority of which related to gross-up costs.

Payments below £5,000 are not reported as they are considered de minimis.

TSR performance and CEO pay

Performance graph

The graph below compares the TSR performance of Shell plc over the past 10 financial years with that of the FTSE 100 Index. The Board regards this index as the most appropriate broad market equity index for comparison, following the move of Shell's headquarters to the UK.

CEO pay outcomes

The table below the graphs sets out (i) the single figure of total remuneration, (ii) the annual bonus outcome, and (iii) the LTIP vesting outcome for the CEO for the past 10 years.

Historical TSR performance

Value of hypothetical £100 holding



Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
CEO	Ben van Beurden								Wael Sawan	
Single figure of total remuneration (£000) [B]	4,049	7,046	7,811	17,817	8,746	5,197	6,344	9,698	7,940	8,615
Annual bonus award (% of maximum opportunity)	98%	66%	81%	79%	21%	—	64%	73%	78%	81%
LTIP vesting (% of maximum opportunity)	8%	42%	35%	95%	74%	45%	25%	41%	47%	68%

[A] Data shown are for the performance of RDS B shares prior to the assimilation of Shell's shares into a single line of ordinary shares on January 29, 2022.

[B] Prior to 2022, the CEO's remuneration was denominated in EUR. Each year's single figure of total remuneration has been converted to GBP using the 12-month average exchange rates for the year.

Percentage change in remuneration of the Directors and employees

The table below compares the remuneration of the Executive and Non-executive Directors of Shell plc with an employee comparator group consisting of local employees in the UK, the USA and the Netherlands. The local employee population of these countries is considered to be a suitable employee comparator group because: these are countries with a significant Shell employee base; a large proportion of senior managers come from these countries; and the REMCO considers remuneration levels in these countries when setting base salaries for Executive Directors. For the purposes of comparison, the change in employee remuneration is calculated by reference to the change in salary scale, benefits and annual bonus for a notional employee in each of the base countries, not by reference to the actual change in pay for a group of employees.

Taxable benefits are those that align with the definition of taxable benefits applying in the respective country. In line with the "Single figure of total remuneration for Executive Directors" table, the annual bonus is included in the year in which it was earned (rather than paid).

Percentage change in remuneration of Directors and employees [A]

	Salary/fees (% change)					Benefits (% change)					Annual bonus (% change)				
	2023-24	2022-23	2021-22	2020-21	2019-20	2023-24	2022-23	2021-22	2020-21	2019-20	2023-24	2022-23	2021-22	2020-21	2019-20
Employees [B]	3.7%	5.7%	2.4%	0.6%	3.0%	13.7%	(10.2%)	(8.4%)	0%	0%	7.5%	14.3%	(0.4%)	—	(100.0%)
Executive Directors															
Wael Sawan	3.9%	—	—	—	—	(88.2%)	—	—	—	—	7.9%	—	—	—	—
Sinead Gorman [C]	3.9%	37.0%	—	—	—	(83.5%)	(39.7%)	—	—	—	12.2%	45.8%	—	—	—
Non-executive Directors [D]															
Dick Boer	14.7%	25.4%	6.3%	70.4%	—	(58.0%)	389.8%	—	—	—	—	—	—	—	—
Neil Carson	3.5%	—	3.6%	4.3%	85.6%	(19.4%)	593.0%	—	—	—	—	—	—	—	—
Ann Godbehere	1.1%	—	0.8%	2.9%	15.8%	(46.8%)	829.4%	1286.7%	—	—	—	—	—	—	—
Jane Holl Lute	1.1%	6.7%	80.4%	—	—	67.0%	155.0%	1893.8%	—	—	—	—	—	—	—
Catherine Hughes	3.0%	4.6%	14.1%	2.8%	(10.0%)	(37.3%)	435.0%	868.8%	—	—	—	—	—	—	—
Sir Andrew Mackenzie	8.3%	—	57.0%	1473.0%	—	(30.2%)	(57.5%)	(69.3%)	—	—	—	—	—	—	—
Sir Charles Roxburgh	31.2%	—	—	—	—	5,453.1%	—	—	—	—	—	—	—	—	—
Bram Schot	—	4.1%	10.1%	300.0%	—	(32.4%)	702.6%	—	—	—	—	—	—	—	—
Leena Srivastava	29.0%	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Cyrus Taraporevala	25.1%	—	—	—	—	3139.1%	—	—	—	—	—	—	—	—	—

[A] Where the value for the preceding year was zero or the individual was not in post and therefore no comparison data are available, '—' is recorded.

[B] Relates to change in pay for local employees in the UK, the USA and the Netherlands.

[C] Sinead Gorman was appointed as CFO effective April 1, 2022. The changes in remuneration shown for 2022-2023 are based on the period April 1, 2022 to December 31, 2022 for 2022, and a full year for 2023.

[D] Non-executive Directors do not receive any short-term incentives. The increases shown reflect the individuals' appointment to the Board part-way through the prior year, or additional fees payable for joining Board committees. For details of Board appointment and departure dates, see "Single figure of total remuneration for Non-executive Directors" on page 200.

Relative importance of spend on pay

The table below sets out distributions to shareholders by way of dividends and share buybacks, and remuneration paid to or receivable by employees for the last five years, together with annual percentage changes.

Year	Dividends and share buybacks [A]		Spend on pay (all employees) [B]	
	\$ billion	Annual change	\$ billion	Annual change
2024	22.6	(2)%	13.5	(1)%
2023	23.0	(11)%	13.6	(2)%
2022	25.8	183%	14.0	16%
2021	9.1	—	12.1	—
2020	9.1	(64)%	12.1	(8)%

[A] Dividends paid and repurchases of shares as reported in the "Consolidated Statement of Changes in Equity".

[B] Employee costs, excluding redundancy costs, as reported in Note 33 to the "Consolidated Financial Statements".

Spend on pay can be compared with the major costs associated with generating income by referring to the "Consolidated Statement of Income". Over the last five years, the average spend on pay was around 5% of the major costs of generating income. These costs are considered to be the sum of: purchases; production and manufacturing expenses; selling, distribution and administrative expenses; research and development; exploration; and depreciation, depletion and amortisation.

External appointments

Neither Wael Sawan nor Sinead Gorman held any external Non-executive Director positions during 2024.

Statement of voting at AGMs

Shell's 2024 AGM was held on May 21, 2024. The result of the poll in respect of the 2023 Annual Report on Remuneration was as follows:

Approval of 2023 Annual Report on Remuneration

Votes	Number	Percentage
For	3,837,712,517	94.83%
Against	209,399,986	5.17%
Total cast	4,047,112,503 [A]	100.00%
Withheld [B]	23,487,236	

[A] Representing 63.47% of issued share capital.

[B] A vote withheld is not a vote under UK law and is not counted in the calculation of the proportion of the votes for and against a resolution.

The 2023 Directors' Remuneration Policy was approved at the 2023 AGM. The result of the poll was as follows:

Approval of 2023 Directors' Remuneration Policy

Votes	Number	Percentage
For	3,931,530,222	94.60%
Against	224,454,202	5.40%
Total cast	4,155,984,424 [A]	100.00%
Withheld [B]	29,173,157	

[A] Representing 60.97% of issued share capital.

[B] A vote withheld is not a vote under UK law and is not counted in the calculation of the proportion of the votes for and against a resolution.

CEO pay ratio

	Option [A]	25 th percentile pay ratio	Median pay ratio	75 th percentile pay ratio
2024	A	83:1	61:1	40:1
Total pay and benefits:		£103,390	£141,334	£216,048
Salary:		£54,327	£88,049	£104,877
2023	A	80:1	58:1	39:1
Total pay and benefits:		£99,599	£136,066	£205,115
Salary:		£70,000	£76,444	£102,634
2022	A	134:1	80:1	50:1
Total pay and benefits:		£72,632	£121,847	£192,995
Salary:		£45,904	£56,302	£96,790
2021	A	97:1	57:1	37:1
Total pay and benefits:		£65,123	£111,912	£170,289
Salary:		£43,550	£68,238	£101,000
2020	A	93:1	57:1	38:1
Total pay and benefits:		£55,584	£90,972	£136,007
Salary:		£49,117	£75,365	£118,291
2019	A	147:1	87:1	54:1
Total pay and benefits:		£59,419	£100,755	£161,717
Salary:		£40,417	£56,721	£79,991
2018	A	202:1	143:1	92:1
Total pay and benefits:		£88,112	£124,459	£193,027
Salary:		£53,528	£80,407	£96,074

[A] Shell has chosen to use option A (as defined in UK reporting regulations) to calculate the CEO pay ratio in accordance with guidance from the UK government that this is the preferred approach and the most statistically accurate method for identifying the ratios. Under option A, a comparable single figure for all UK employees has been calculated in order to identify the employees whose pay and benefits are at the 25th, 50th (median) and 75th percentiles for comparison with the CEO. Employee pay has been calculated based on the total pay and benefits paid in respect of 2024 for all employees who were employed on December 31, 2024. For part-time workers and joiners in the year, pay and benefits have been annualised based on the proportion of their working time in the UK during the year. This is calculated with an approach consistent with the methodology for determining annual bonuses. The REMCO believes that this provides a fair and reasonable calculation of the pay ratios for Shell employees in the UK.

The ratio of the CEO's pay to the median UK employee is 61. The ratio at median for 2024 is higher than for 2023, reflecting higher variable pay outcomes. While variable pay outcomes have also increased for other UK employees, a higher proportion of the CEO's remuneration is variable, meaning the pay ratio is higher in years of higher variable pay outcomes. The REMCO believes the CEO pay ratio for 2024 is consistent with Shell's philosophy of pay for performance.

Directors' employment arrangements and letters of appointment

Executive Directors are employed for an indefinite period. Non-executive Directors, including the Chair, have letters of appointment. Details of Executive Directors' employment arrangements can be found in the Policy on pages 213-214.

Further details of Non-executive Directors' terms of appointment can be found in the "Other regulatory and statutory information" on page 223 and the "Governance framework" report on page 159.

Compensation of Directors and Senior Management

During the year ended December 31, 2024, Shell paid and/or accrued compensation totalling \$46 million (2023: \$57 million) to Directors and Senior Management for services in all capacities while serving as a Director or member of Senior Management, including \$2 million (2023: \$2 million) accrued to provide pension, retirement and similar benefits. The amounts stated are those recognised in Shell's income attributable to Shell plc shareholders on an IFRS basis. See Note 34 to the "Consolidated Financial Statements". Personal loans or guarantees were not provided to Directors or Senior Management.

Workforce engagement on remuneration matters**Workforce engagement**

Our employees are fundamental to our success. Fostering a collaborative culture and reinforcing a learner mindset is central to delivering our strategy. The Board's view is that all Directors have a collective responsibility for workforce engagement, ensuring that employees' voices are heard on all business matters, including pay, and that the Company communicates effectively to employees on our remuneration policies and practices.

The Board and management regularly engage with the workforce through a range of formal and informal channels. These include webcasts and all-employee messages from our CEO and other senior leaders; town halls and team meetings; virtual coffee connects; interviews with senior management; internal social platforms; and focused engagements. During interactive sessions, employees have the opportunity to ask about any topic, including pay. The Board's preference is to build on existing, long-standing channels of engagement for discussions around remuneration. During the year, management engaged with the workforce on what the 2024 performance metrics meant for each of us, giving employees the opportunity to ask any questions on this topic. We also conduct annual employee surveys; further information is on page 117.

Wider employee context

The REMCO receives annual updates on workforce remuneration topics, including employees' views on pay matters; CEO pay ratio; workforce reward philosophy and principles; alignment of Shell values and behaviours with remuneration practices; and general employee salary planning and variable pay outcomes, taking into account the cost of living environment and the impact of this on our colleagues. The REMCO is also periodically updated on wider employee matters such as the UK gender and ethnicity pay gap analyses. In this way, the REMCO is able to satisfy itself that reward across Shell is aligned to our strategy, culture, and long-term sustainable success.

Shell adheres to its fair pay principles in all remuneration-related matters. Pay in Shell is market-competitive, free from bias, and provides security to our employees. Shell sets clear performance expectations, gives employees the opportunity to share in Shell's success through

a variety of variable pay schemes, and is transparent and clear in its communication of remuneration. For more information, visit the "Careers" section of [shell.com](https://www.shell.com).

How executive remuneration aligns with wider Company pay policy

Executive remuneration structures in Shell are strongly aligned with the structures for the broader workforce, as set out in the table below.

Element	Comparison of Executive Director and wider workforce arrangements
Salary	The Executive Directors' salaries are reviewed with reference to the factors set out in the Policy, against defined comparator groups. The market-competitiveness of wider workforce salaries is assessed at a base country level.
Pension and benefits	The Executive Directors' pension benefits are aligned with those offered to employees who joined Shell from 2013 onwards in the UK. Shell does not operate separate executive pension arrangements. All Group employees participate in the relevant pension plan for their base country based on their date of joining. The Executive Directors are eligible to receive the same benefits available to the broader workforce.
Annual bonus	The Group scorecard applicable to Group employees is identical to that applicable to Executive Directors in terms of performance measures, weightings and targets. For the wider workforce, an additional multiplier applies based on individual performance during the year. No individual multiplier applies to Executive Directors, and further, 50% of the bonus is paid in shares, and the bonus is subject to malus and clawback provisions.
Long-term incentives	In 2025, Executive Directors and around 120 senior executives received Performance Share Awards (PSA) on the same terms. Executive Directors' awards are subject to a three-year holding period. Around 12,000 employees received a mix of PSAs and Restricted Share Awards, with the split based on seniority. Further information is on page 119.
Shareholding guidelines	The Executive Directors have the highest shareholding guidelines in the Company, which are set at 700% and 500% of salary for the CEO and the CFO, respectively. These guidelines continue post termination for a period of two years. Shareholding guidelines extend into the organisation to senior manager level. Employees are required to achieve their individual guideline within a specified timeframe, as is the case for Executive Directors.

Statement of planned implementation of Policy in 2025

A summary of how the shareholder-approved Policy will be applied to Directors' remuneration for 2025 is set out below.

Executive Directors
Comparator group

The benchmarking comparator group for 2025 remains consistent with that used in prior years, and consists of other oil majors (bp, Chevron, ExxonMobil and TotalEnergies) and a selection of major Europe-based companies. The oil majors are included in the comparator group as these represent our closest direct competitors operating in similar market conditions. The Europe-based companies are selected based on their size, complexity and global reach. The REMCO retains the right to alter the comparator group as it sees fit to ensure it remains an appropriate and relevant benchmark.

The REMCO uses benchmark data from these companies only as a guide to the competitiveness of the remuneration packages. The REMCO does not seek to position remuneration at any defined point against the comparator data.

European comparator group

Allianz	Glencore	Rio Tinto
AstraZeneca	GSK	Roche
BAT	Mercedes-Benz	Siemens
Bayer	Nestlé	Unilever
Diageo	Novartis	Vodafone

Salaries

Effective January 1, 2025, Wael Sawan and Sinead Gorman received a salary increase of 5.5%, and salaries for 2025 are £1,535,000 and £1,014,000, respectively.

In reviewing the Executive Directors' salaries, the REMCO carefully considered the external environment, and the increases provided to the Shell workforce in the key markets of the UK (5.5%), the USA (3.0%) and the Netherlands (3.6%). The Executive Directors' increases for 2025 were positioned in line with other UK employees and the REMCO recognised the multiplier effect on total remuneration. Executive Directors' salary increases for 2024 were positioned below that for other UK employees.

Annual bonus

The REMCO reviewed the bonus scorecard during the year and considered that it remained well aligned with our strategic and operational priorities. There are no changes for 2025, except that the personal safety metric will be renamed fatality and permanent impairment, replacing serious injury, illness and fatality frequency. This is part of Shell's commitment to transition to industry standards defined by the industry association, International Oil & Gas Producers. The scope and definition of the metric remain unchanged.

Some shareholders have commented on the use of LNG in the energy transition performance measure in the bonus. The REMCO reviewed this matter during the year. LNG has a critical role to play in Shell's energy transition strategy by producing less carbon emissions than coal when used to generate electricity, helping to maintain grid stability as the share of renewable energy grows, increasingly powering transport and shipping, and providing energy security in the coming decades. Therefore, the REMCO believes it is important that LNG is appropriately captured in the scorecard.

2025 annual bonus measures, weightings, and link to strategy

Performance measure	Weighting
Financial delivery	35%
Operational excellence	35%
"Shell's journey in the energy transition"	15%
Safety	15%

Link to strategy	
Financial delivery • Cash flow from operating activities (35%)	Supports our financial priority to generate cash to fund shareholder distributions and capital investment.
Operational excellence • Asset management excellence (15%) • Project delivery excellence (10%) • Customer excellence (10%)	Underpins delivery of our financial framework and ambitions to progress in the energy transition.
"Shell's journey in the energy transition" • LNG volumes [A] (5%) • Reducing operational emissions (5%) • Supporting customer decarbonisation (5%)	Drives a direct focus on Shell's plans for the energy transition.
Safety (15%) • Fatality and Permanent Impairment (7.5%) • Tier 1 and 2 process safety (7.5%)	Drives an ongoing focus on personnel and process safety.

[A] Equity liquefaction.

Scorecard targets will be disclosed in the subsequent Directors' Remuneration Report when they are no longer deemed to be commercially sensitive.

Performance Share Awards

On January 31, 2025, Performance Share Awards (PSA) were made to the Executive Directors resulting in 162,964 Shell plc shares being awarded to Wael Sawan and 96,871 to Sinead Gorman. The awards had a face value of 300% (maximum performance outcome 600%) of salary for Wael Sawan and 270% (maximum performance outcome 540%) of salary for Sinead Gorman, excluding potential share price appreciation and dividends. The 2025 PSAs to Executive Directors are based on salaries as at December 31 of the prior year, consistent with the rest of the organisation.

The REMCO reviewed the award levels in the context of share price movement over the year prior to award, and determined that the risk of windfall gain was limited and therefore no adjustment was made.

Performance is measured over the three-year period January 1, 2025, to December 31, 2027. The performance measures, weightings and link to strategy for the 2025 award are set out on this page.

2025 PSA performance conditions, weightings, and link to strategy

Performance condition	Weighting
Cash generation [A]	25%
TSR [A]	25%
Organic free cash flow [B]	25%
"Shell's journey in the energy transition" [B]	25%

[A] ☐ Relative measures [B] ☐ Absolute measures

Link to strategy	Vesting schedule [% of initial award]
Cash generation (defined as CFFO/average capital employed) Measurement of Shell's ability to generate the top line cash flows to finance investment in our business and shareholder distributions.	1st – 200% 2nd – 150% 3rd – 80% 4th or 5th – 0%
TSR Assessment of actual value created for shareholders.	Performance ranked against the other energy majors bp, Chevron, ExxonMobil and TotalEnergies.
Organic free cash flow Recognition of the importance of generating cash after net capital expenditure to service and reduce debt, pay dividends, buy back shares and make future capital investments.	Maximum – 200% Target – 100% Threshold – 10% Below threshold – 0% OCF targets are set annually for each annual operating plan.
"Shell's journey in the energy transition" Measures focused on Shell's plans for the energy transition.	Performance assessment will be based on the REMCO's holistic assessment of progress towards reducing Shell's operational emissions and supporting our customers to reduce emissions.
Holding period Three-year holding period, which remains in force post-vesting.	

Performance framework for the 2025 PSA "Shell's journey in the energy transition" performance condition

The REMCO's determination of the vesting outcome will be based on its holistic assessment of progress towards reducing emissions from our operations and supporting our customers to reduce their emissions. This will be based on our journey to net-zero climate targets for our own operations of:

- halving Scope 1 and 2 emissions by 2030 under operational control on a net basis (2016 baseline);
- eliminating routine flaring from Upstream operations by 2025 [A]; and
- maintaining methane emissions intensity below 0.2% and achieving near-zero methane emissions by 2030 [B].

[A] This target was subject to the completion of the sale of The Shell Petroleum Development Company of Nigeria Limited (SPDC). With effect from January 1, 2025, SPDC ceased routine flaring. As detailed elsewhere in this report, on March 13, 2025, Shell completed the sale of SPDC to Renaissance.

[B] On an intensity basis.

The REMCO will also take account of progress in developments that support the energy transition to 2030 and beyond, such as the development of our Power business (including renewables), lower-carbon LNG, biofuels, electric vehicle charging, hydrogen and CCS.

We will take into account progress towards achieving a 15-20% reduction in NCI by 2030 (2016 baseline), a 15-20% reduction in customer emissions from the use of our oil products by 2030 (2021 baseline) [A], as well as Shell's wider performance in accelerating the energy transition, e.g. demonstrating leadership and advocacy in standard setting, alongside any other factors that the REMCO considers relevant.

[A] This ambition was set in March 2024. Customer emissions from the use of our oil products (Scope 3, Category 11) were 517 million tonnes CO₂e in 2023 and 569 million tonnes CO₂e in 2021.

The REMCO will provide a full disclosure of all material factors, both quantitative and qualitative, that it took into account in reaching the vesting decision.

Malus and clawback

The annual bonus is subject to malus provisions before it is delivered, and to clawback thereafter for a period of three years. The PSA is subject to malus provisions before vesting, and to clawback provisions thereafter for a period of three years. Shell's chosen malus and clawback periods align with the performance and holding periods, respectively, for simplicity. A full description of the circumstances under which malus and clawback might be applied to a variable pay award is set out in the Policy.

Pension

There are no changes to pension benefits for 2025.

Benefits

Executive Directors are provided with a chauffeured car for business travel, including home-to-office commuting. Other benefits, such as medical and other risk benefits are in line with those provided to the general workforce.

Non-executive Directors' fees

2025 Non-executive Directors' fees

	£	Other fees
Chair of the Board	850,000	Non-executive Directors receive an additional fee of £4,000 for any Board meeting involving intercontinental travel – except for one meeting a year held in a location other than London.
Non-executive Director	120,000	
Senior Independent Director	49,000	
Audit and Risk Committee		
Chair [A]	55,000	
Member	25,000	
Sustainability Committee		
Chair [A]	31,000	
Member	15,000	
Nomination and Succession Committee		
Chair [A]	22,000	
Member	11,000	
Remuneration Committee		
Chair [A]	42,000	
Member	15,000	

[A] The chair of a Committee does not receive an additional fee for membership of that Committee.

The Company Chair fee is determined by the REMCO, and for 2025 remains £850,000. The Chair of the Board does not receive any additional fee for chairing the Nomination and Succession Committee or attending any other Board Committee meeting.

The Non-executive Directors receive a basic fee. There are additional fees for the Senior Independent Director, a Board Committee chair or a Board Committee member, and for most Board meetings involving intercontinental travel. Business expenses (including transport between home and office and occasional business-required partner travel) and associated tax are paid or reimbursed by Shell.

The Board reviews Non-executive Directors' fees periodically to ensure that they are aligned with those of other major listed companies. During these reviews the Board considers fees in the top 30 companies within the FTSE 100 index and the European comparator group as its primary points of reference. For 2025, fees remain unchanged.

Directors' Remuneration Policy

The Directors' Remuneration Policy sets out:

- A summary of shareholder-approved changes to the Directors' Remuneration Policy, page 208.
- Executive Directors' Remuneration Policy, page 209.
- Non-executive Directors' Remuneration Policy, page 214.

This section describes the Directors' Remuneration Policy (the Policy) which, following shareholder approval at the 2023 Annual General Meeting (AGM), came into effect from May 23, 2023, and will be effective until the 2026 AGM, unless a revised Policy is proposed by the Company and approved by shareholders in the meantime.

The principles underpinning the REMCO's approach to executive remuneration are the foundation for everything we do and are:

- Alignment with Shell's strategy and sustainability: the Executive Directors' compensation package should promote the long-term, sustainable success of Shell, and be strongly linked to the achievement of stretching targets that are indicators of the execution of Shell's strategy.
- Pay for performance: the majority of the Executive Directors' compensation, (excluding benefits and pensions), should be linked directly to Shell's performance through variable pay instruments.
- Competitiveness: remuneration levels should be determined by reference internally against Shell's Senior Management and externally against companies of comparable size, complexity and global scope.
- Long-term creation of shareholder value: Executive Directors should align their interests with those of shareholders by holding shares in Shell.
- Consistency: the remuneration structure for Executive Directors should generally be consistent with the remuneration structure for Shell's Senior Management. This consistency builds a culture of alignment with Shell's purpose and a common approach to sharing in Shell's success.

- Risk assessment: decisions should be made in the context of the Shell General Business Principles and Code of Conduct. The remuneration structures and rewards should meet risk assessment tests to ensure that shareholders' interests are safeguarded and that inappropriate actions are avoided.

The Executive Directors' remuneration structure is made up of a fixed element of basic pay and two variable elements: the annual bonus (50% delivered in shares) and the Long-term Incentive Plan (LTIP). Variable pay outcomes are conditional on the successful execution of the Operating Plan in the short term, and the delivery of strategic goals and financial and share price outperformance over the longer term. The award of shares under the bonus and LTIP, along with significant shareholding requirements, are intended to ensure executives have a sizeable shareholding in the Company and experience the same outcomes as our shareholders.

During 2022, the REMCO reviewed the Policy to ensure that it continued to support Shell's strategy. The REMCO determined that the 2020 Policy remained appropriate in most respects, and required changes only to reflect the transition of our Executive Directors to the UK to align with market practice and for simplification. For each area of the Policy, the REMCO reviewed the alignment with strategy, market practice, the corporate governance environment, and feedback from shareholders, and additionally spent time updating the selection and calibration of performance metrics in variable pay schemes. Any potential conflict of interest was mitigated by the independence of the REMCO members and the REMCO Terms of Reference. The REMCO also considered the provisions of the UK Corporate Governance Code when reviewing the Policy, and sought to reflect the principles of clarity, simplicity, risk management, predictability, proportionality and alignment with culture.

A comparison of the 2023 and 2020 Policies is set out below.

Remuneration element	Changes to 2020 Policy	Rationale for the change
Executive Directors		
Base salary	◦ Salary cap amended from €2 million to £2 million.	◦ To reflect the transition of the Executive Directors to the UK.
Pension	◦ Move from base country arrangements to defined contribution pension arrangements applicable to the wider Shell workforce in the UK.	
Severance policy	◦ New service contracts under which both the employee and the employer can terminate employment by giving 12 months' written notice, replacing the previous provision which reflected Dutch statutory provisions.	
Annual bonus and LTIP rules	◦ REMCO discretion to suspend annual bonus or share award vesting pending the outcome of an investigation in exceptional circumstances.	◦ To allow sufficient time for investigation, as required.
Leaver treatment	◦ REMCO discretion to waive remaining bonus/LTIP holding period in exceptional circumstances (primarily death).	◦ To align with market practice.
TSR underpin in LTIP	◦ TSR underpin to be removed from the LTIP.	◦ To simplify the plan and align with market practice.
Non-executive Directors		
Retirement gift	◦ Maximum value amended from €300 to £300.	◦ To reflect the transition to the UK.

Executive Directors' Remuneration Policy table

Purpose and link to strategy	Maximum opportunity	Operation and performance measurement
Base salary		
Provides a fixed level of earnings to attract and retain Executive Directors.	£2,000,000	Reviewed annually with adjustments effective from January 1. In making salary determinations, the REMCO will consider: - the market positioning of the compensation packages; - comparison with Senior Management salaries; - the employee context, and planned average salary increase for other employees across the UK, the Netherlands and the USA; - the experience, skills and performance of the Executive Director, or any change in the scope and responsibility of their role; - general economic conditions, Shell's financial performance and governance trends; and - the impact of salary increases on pension benefits and other elements of the package.
Benefits		
Provides benefits, typically in line with those applicable to the wider workforce, in order to attract and retain Executive Directors.	Determined by the nature of the benefit itself and costs of provision, and may depend on external factors, such as insurance costs.	Typical benefits include car allowances, home-to-office transport, risk benefits (for example ill health, disability or death-in-service), security provision, and employer contributions to insurance plans (such as medical) including Directors' liability insurance. In the event an international relocation is required either prior to appointment or while appointed, Shell's mobility policies may apply and the REMCO may offer appropriate provisions in respect of items including, but not limited to, relocation, assistance with visa/immigration/tax issues, and tax return support. It may also provide housing and education assistance for a specified period of time, expected to be no more than two years. Tax equalisation related to expatriate employment prior to Board appointment, or in other limited circumstances to offset double taxation, may also be provided. Precise benefits will depend on the Executive Director's specific circumstances and may include any tax liabilities relating to business-related benefits such as in the case of security or relocation provisions. The REMCO may adjust the range and scope of the benefits offered in the context of developments for other employees in the country which the Executive Director is based. Personal loans or guarantees are not provided to Executive Directors.
Pension		
Provides a competitive defined contribution pension provision applicable to the wider workforce in the UK to attract and retain Executive Directors.	Determined by the rules of the defined contribution UK pension arrangements.	Executive Directors' retirement benefits are maintained in line with those of the wider Shell workforce in the UK. Only base salary is pensionable, unless plan regulations specify otherwise and cannot legally be disappplied. The rules of the relevant plan detail the pension benefits which members can receive. The REMCO retains the right to amend the form of any Executive Director's pension arrangements where appropriate, for example in response to changes in legislation to ensure the original objective of this element of remuneration is preserved. New Executive Directors based in the UK, whether internal appointees or external hires, will be provided with the defined contribution arrangement, applicable to the wider Shell workforce in the UK, which currently includes the flexibility to take this as a pension cash alternative.
Annual bonus		
Rewards the delivery of short-term operational targets as derived from Shell's Operating Plan. Aligns the interests of Executive Directors and shareholders, and supports retention, through long-term holding in shares.	Target bonus: 125% of base salary. Maximum bonus: 200% of target.	- The bonus is determined by reference to performance from January 1 to December 31 each year. - Annual bonus = base salary x target bonus % x scorecard result (0-2). - The scorecard is reviewed each year, taking account of Shell's operating plan, to ensure that the performance measures, targets and weightings are appropriate. Performance measures typically relate to financial delivery, operational excellence, progress in the energy transition, and safety, with indicative weightings of 35%, 35%, 15% and 15% respectively. This helps to balance short-term financial performance with the achievement of a broader set of strategic and operational objectives to support long-term shareholder value creation. The REMCO retains the flexibility to adjust performance measures, weightings and targets on a year-by-year basis, within the terms of the Policy. - Scorecard targets are disclosed on a retrospective basis in a subsequent Annual Report on Remuneration, when they are no longer deemed commercially sensitive. - To reinforce alignment with shareholder interests, 50% of any bonus earned is delivered in cash and 50% is delivered in net-of-tax shares. The shares are subject to a three-year holding period from the end of the performance period the award relates to, which applies beyond an Executive Director's tenure. The REMCO retains discretion to waive any part of this holding period in exceptional circumstances (primarily death). - The bonus is subject to malus provisions before it is delivered, and to clawback thereafter for a period of three years.

Executive Directors' Remuneration Policy table continued

Purpose and link to strategy	Maximum opportunity	Operation and performance management
Long-term Incentive Plan (LTIP)		
Rewards longer-term value creation linked to Shell's strategy. The measures focus on financial performance, capital discipline and the achievement of Shell's ambitions in the energy transition. Aligns the interests of Executive Directors and shareholders, and supports retention through long-term holding in shares.	Target award: 300% of base salary. Awards may vest at up to 200% of the shares originally awarded, plus dividends.	◦ Award levels are determined in respect of any financial year by the REMCO within the Policy maximum. ◦ Awards may vest at between 0% and 200% of the initial award, depending on Shell's performance, assessed over a three-year performance period, on an absolute basis and/or on a relative basis against an appropriate comparator group. ◦ Performance measures and weightings are reviewed and set by the REMCO at the beginning of each three-year performance period, taking account of Shell's strategic priorities. ◦ Notional dividends accrue over the vesting period in respect of awards that vest. ◦ To reinforce alignment with shareholder interests, net of tax shares delivered from vested awards are subject to a three-year holding period from the end of the performance period the award relates to, which applies beyond an Executive Director's tenure. The REMCO retains discretion to waive any part of this holding period in exceptional circumstances (primarily death). ◦ Dividends accrue over the vesting period in respect of awards that vest. ◦ The award is subject to malus provisions before vesting, and to clawback provisions thereafter for a period of three years.
Discretion, malus and clawback		
Enables the management of risks from behaviour-based incentive schemes and the REMCO to manage the range of pay outcomes.	Adjustment events exist for the purposes of applying malus and clawback. The REMCO retains discretion to adjust pay outcomes.	◦ The REMCO retains the discretion to adjust mathematical outcomes of the annual bonus scorecard and/or LTIP vesting for any Executive Director if and to the extent that it considers this appropriate at their sole discretion. ◦ The REMCO may adjust pay outcomes for the purposes of managing quantum. This would be done at the REMCO's discretion after considering single figure outcome for the year, taking into account Shell's performance, the operation of the remuneration structures and any other relevant considerations. ◦ In exceptional circumstances, the REMCO may determine that the vesting of an annual bonus or a share award should be suspended pending the outcome of an investigation. The suspension may be for such period as the REMCO considers sufficient to permit the investigation to be concluded. ◦ The use of any discretion will be disclosed and explained.
Shareholding requirements		
Aligns interests of Executive Directors with those of shareholders by creating a connection between individual wealth and Shell's long-term performance.	Shareholding (% of base salary): ◦ CEO: 700% ◦ CFO: 500%	◦ Executive Directors are expected to build up their shareholding to the required level over a period of five years from appointment and, once reached, to maintain this level for the full period of their appointment. The intention is for the shareholding guideline to be reached through retention of vested shares from share plans. The REMCO will monitor progress and retains the ability to adjust the guideline in special circumstances on an individual basis. ◦ In the event of an increase to the guideline, this timeframe is increased by one year for every additional multiple of salary required, subject to a maximum of five years from the date of the change. ◦ The Executive Director will be required to maintain their shareholding requirement (or existing shareholding if lower) for a period of two years from the date they cease to be an employee. Post-termination holding is enforced through the arrangements put in place with the employee on termination. ◦ In the event that another Executive Director joins the Board, the REMCO will determine their shareholding requirement level, which will not be less than 200% of salary, in line with corporate governance best practice. ◦ Vested shares from incentive plans (including bonus and LTIP shares subject to holding period) count towards the requirement. The REMCO monitors individual progress and retains the ability to adjust the guideline in special circumstances on an individual basis.

Notes to the Policy table

Executive Directors outside of the UK

In respect of salary, benefits and pension, in the event that an Executive Director is based outside of the UK, the REMCO reserves the right to determine the individual's remuneration arrangements in line with their base or host country, within the spirit of the Policy.

Payments from previously agreed remuneration arrangements

The REMCO reserves the right to make any remuneration payments where the terms of the payment were agreed: (i) before the Policy came into effect, or (ii) at a time when the relevant individual was not a Director of the Company and, in the opinion of the REMCO, the payment was not in consideration for the individual becoming a Director of the Company. The REMCO also reserves the right to honour pre-existing contractual obligations in accordance with the terms of the service contract and relevant incentive plan. Details of any such payments will be set out in the Annual Report on Remuneration as they arise.

Selection of performance measures

For the 2023 performance year, the annual bonus scorecard will consist of financial delivery (35%), operational excellence (35%), progress in the energy transition (15%), and safety (15%). Targets are derived from the annual business plan. These measures are designed to drive focus on the financial and operational performance critical to our success in delivering our strategy. The REMCO believes it is important for annual variable pay to remain balanced, with short-term operational components complementing the LTIP's focus on longer-term financial and strategic outcomes. The same annual bonus scorecard applies to the majority of Group employees, supporting consistency of remuneration and alignment of objectives across employees and senior management.

For 2023 LTIP awards, performance will be assessed based on 75% financial metrics (relative CFFO divided by average capital employed, relative TSR, absolute OFCF, equally weighted) and 25% on a strategic measure focused on Shell's journey in the energy transition. These metrics are designed to support our strategic ambition of accelerating our transition to be a net-zero emissions business while creating value for our shareholders.

For the relative measures, 200% vests for first position, 150% for second, 80% for third, and 0% for ranking fourth or fifth. The comparator group consists of four of the strongest companies in our industry (bp, Chevron, ExxonMobil and TotalEnergies). Outperforming Shell's closest competitors on key financial metrics is challenging. A vesting outcome of 80% of target (40% of maximum) for median performance in a small comparator group is considered appropriate by the REMCO. The REMCO is aware that vesting for median performance is generally set at a limit of 25% of maximum for other UK companies. However, these are typically applied against a larger comparator group.

To simplify the plan and align with market practice, the TSR underpin has been removed from the plan effective from 2024 awards.

Discretion

There are a number of specific areas in which the REMCO may exercise discretion, including:

- To review the specific measures, weightings and targets for the annual bonus scorecard and LTIP award annually and adjust accordingly to evolve with Shell's strategy and circumstances to ensure that the targets remain stretching but realistic. If the REMCO were to propose any material changes to the LTIP performance metrics, it would consult with major shareholders.
- To adjust mathematical variable pay outcomes if and to the extent that it considers this appropriate. This power to adjust the outcomes is broad and includes adjusting the outcomes to zero. For example, an adjustment might be made if the REMCO considers:
 - the mathematical outcomes do not reflect the wider financial or non-financial performance of the Company or the participant over the performance period;
 - the LTIP vesting percentage is not appropriate in the context of circumstances that were unexpected or unforeseen at award; and
 - there is any other reason why an adjustment is appropriate.

It is not anticipated that discretion would be used for upwards adjustment. If, in exceptional circumstances, it was considered, this would be done only after consultation with major shareholders.

Performance outcomes and/or share price movements make it difficult to predict the final amounts delivered under the LTIP at the time of award. Each year, the REMCO reviews the LTIP vesting values and single figure outcomes for the Executive Directors to ensure that they are appropriate. The REMCO will review the formulaic single figure outcomes relative to the quality of performance outcomes and adjust these, taking into account Shell's performance, shareholder experience, the operation of the remuneration structures and any other relevant factors to ensure that the highest variable pay outcomes are only achieved in years with the highest quality performance. In years where the vesting outcome makes the total remuneration inappropriate for any Executive Director, the REMCO will consider an adjustment to the annual bonus outcome and/or the LTIP vesting outcome for the purposes of managing remuneration quantum. In making any adjustment to the annual bonus and/or LTIP vesting outcome for this purpose, REMCO will consider the overall level of remuneration for the Executive Director, the operation of the annual bonus, the operation of the LTIP, the wider performance of Shell over the performance periods, as well as the internal context for other employees. An explanation of any discretionary adjustment would be set out in the relevant year's Directors' Remuneration Report.

Malus and clawback

Variable pay awards may be made subject to adjustment events. At the discretion of the REMCO, such an award may be adjusted before delivery (malus) or reclaimed after delivery (clawback) if an adjustment event occurs.

Adjustment events will be specified in award documentation and it is intended that they will, for example, relate to restatement of financial statements due to material non-compliance with a financial reporting requirement; misconduct by an Executive Director or misconduct through their direction or non-direction; any material breach of health and safety or environment regulations; serious reputational damage to Shell; material failure of risk management; corporate failure; or other exceptional events as determined at the discretion of the REMCO. The REMCO retains the right to alter the list of adjustment events in respect of future awards.

Differences in Remuneration Policy for Executive Directors from that for other employees

The remuneration policies, structure, and approach to setting remuneration levels are consistent across organisational levels at Shell, with consideration given to location, seniority and responsibilities. A higher proportion of total remuneration is tied to variable pay for Executive Directors and members of Senior Management, to reflect these individuals' positions of influence and accountability.

Detailed discussion of how executive remuneration aligns with wider Company pay policy may be found in the "Workforce engagement on remuneration matters" section of the Annual Report on Remuneration on page 204.

Illustration of potential remuneration outcomes

The charts on this page illustrate the potential future value and composition of the Executive Directors' total remuneration opportunities under four performance scenarios ("Minimum", "On-target", "Maximum" and "Maximum +50% share price appreciation between award and vest"). The remuneration opportunities are based on those set out in the Policy table, applied to 2023 base salaries. The majority of the Executive Directors' remuneration is delivered through variable pay elements, which are conditional on the achievement of stretching performance targets.

For simplicity, the charts exclude dividend accrual, and exclude the effect of any Company share price movement except in the "Maximum +50%" scenario.

Performance scenarios

	Minimum	Target	Maximum
Base salary (2023)	✓	✓	✓
Benefits (2022 actual) [A]	✓	✓	✓
Pension (2023)	✓	✓	✓
Bonus (2023)	NIL	125% CEO 120% CFO	250% CEO 240% CFO
LTIP (2023)	NIL	300% CEO 270% CFO	600% CEO 540% CFO

[A] Excluding one-off benefits related to the move to the UK.



Recruitment

The REMCO determines the remuneration package for new Executive Director appointments. These appointments may involve external or internal recruitment, or reflect a change in role of a current Executive Director.

When determining remuneration packages for new Executive Directors, the REMCO will seek a balanced outcome which allows Shell to:

- attract and motivate candidates of the right quality;
- take into account the individual's current remuneration package and other contractual entitlements;
- seek a competitive pay position relative to our comparator group, without overpaying;
- encourage relocation if required; and
- honour entitlements (for example, variable remuneration) of internal candidates before their promotion to the Board, with the exception of any previous pension arrangements.

The REMCO will follow the approach set out below when determining the remuneration package for a new Executive Director.

Component	Approach	Maximum
Ongoing remuneration	The salary, benefits, annual bonus, long-term incentives and pension benefits will be positioned and delivered within the framework of the Policy.	As stated in the Executive Directors' Remuneration Policy table, and notes to the table.
Compensation for the forfeiture of any awards under variable remuneration arrangements	To facilitate external recruitment, one-off compensation in consideration for forfeited awards under variable remuneration arrangements entered into with a previous employer may be required. The REMCO will use its judgement to determine the appropriate level of compensation by matching the value of any lost awards under variable remuneration arrangements with the candidate's previous employer. This compensation may take the form of a one-off cash payment or an additional award under the LTIP. The compensation can alternatively be based on a newly created long-term incentive plan arrangement where the only participant is the new Director. The intention is that any such compensation would, as far as possible, align to the duration and structure of the award being forfeited. Where appropriate, performance conditions, holding periods, and malus and clawback provisions will apply.	An amount equal to the value of the forfeited variable remuneration awards, as assessed by the REMCO. Consideration will be given to appropriate performance conditions, performance periods and clawback arrangements.

Component	Approach	Maximum
Replacement of forfeited entitlements other than any awards under variable remuneration arrangements	There may also be a need to compensate a new Executive Director in respect of forfeited entitlements other than any awards under variable remuneration arrangements. This could include, for example, contractual entitlements or other benefits. On recruitment, these entitlements may be replicated within the Executive Director's remuneration package or valued by the REMCO and compensated in cash. In cases of internal promotion to the Board, any commitments made which cannot be effectively replaced within the Executive Director's remuneration package may, at the REMCO's discretion, continue to be honoured.	An amount equal to the value of the forfeited entitlements, as assessed by the REMCO.
Exceptional recruitment incentive	Apart from the ongoing annual remuneration package and any compensation in respect of the replacement of forfeited entitlements, there may be circumstances in which the REMCO needs to offer a one-off recruitment incentive in the form of cash or shares to ensure the right external candidate is attracted (e.g. to the industry). The REMCO recognises the importance of internal succession planning but it must also have the ability to compete for talent with other global companies. The necessity and level of this incentive will depend on the individual's circumstances. The intention will be that this is only used in genuinely exceptional circumstances.	A one-off amount up to the limits set out in the Executive Directors' Remuneration Policy table, in addition to the ongoing package.
Relocation	In the event that an internal or external candidate were required to relocate internationally to take up the Executive Director position, the REMCO may offer appropriate relocation provisions in respect of items including, but not limited to, relocation, assistance with visa/immigration issues, housing, and education assistance. If provided, these will be for a specified period of time, expected to be no more than two years.	The level of such benefits would be set at an appropriate level by the REMCO, taking into account the circumstances, provisions applicable to the wider internationally mobile workforce, and typical market practice.

Executive Directors' service contracts and end of employment arrangements (including change of control provisions)

Provision	Policy
Service contracts	Executive Directors are employed for an indefinite period. Executive Directors based in the UK will be employed on service contracts governed by the laws of England and Wales.
Notice period	The Executive Director or the Company may terminate employment by giving 12 months' written notice. The Company may require the Executive Director to be on garden leave during all or any of the notice period (whether notice is given by the Company or the Executive Director).
Payment in lieu of notice (PILON)	The Company may terminate an Executive Director's service contract at any time with immediate effect and pay a sum in lieu of the unexpired portion of any notice period to the value of no more than 12 months' fixed pay (salary and regular allowances) and other benefits (unless statutory requirements to pay additional sums apply). The Company has the contractual right to make any PILON in monthly instalments in its discretion. Once the right to make a PILON is exercised, its delivery in instalments is mitigated by a contractual obligation on the Executive Director to seek alternative employment.
Compensation for loss of office	Executive Directors will not usually receive additional payments for loss of office, other than, as appropriate, payments in lieu of notice as described above or payments in respect of damages if the Company terminates an Executive Director's employment in breach of contract (taking into account, as appropriate, the Executive Director's responsibility to mitigate any losses). The REMCO reserves the right to make payments it considers reasonable in settlement of potential legal claims taking into account contractual provisions, applicable law, corporate governance provisions, the applicability of any statutory compensation and the best interests of Shell and shareholders as a whole.
Dismissal	The Company may terminate employment immediately in particular defined circumstances such as gross misconduct, with no further payment or PILON.
Annual bonus accrued prior to termination	The following provisions will normally apply: ◦ In the event of death, disability, injury or ill health, retirement, redundancy, completion of a fixed-term contract, and other circumstances at the REMCO's discretion, any annual bonus in the year of departure is pro-rated based on service. Depending on the timing of the departure, the REMCO may consider the latest scorecard position or defer payment until the full-year scorecard result is known. ◦ In the event of a change of control, the REMCO will assess the most appropriate treatment for the outstanding bonus period according to the circumstances. ◦ Bonuses delivered in shares represent the bonus which a participant has already earned, and carry no further performance conditions. Therefore, these shares will normally be unrestricted at the conclusion of the normal holding period otherwise, and no pro-rata will apply. ◦ In other circumstances (including resignation), no award will be made unless statutory requirements apply. ◦ The REMCO retains discretion to waive any part of a bonus holding period in exceptional circumstances (primarily death).

Provision	Policy
LTIP awards	Share awards will be treated in accordance with the relevant plan rules. The following provisions will normally apply: ◦ In the event of disability, injury or ill health, retirement, redundancy, completion of a fixed-term contract, and other circumstances at the REMCO's discretion: outstanding awards are reduced pro-rata (on a monthly basis) for time elapsed during the performance period. They will generally survive the end of employment and remain subject to the same vesting performance conditions, holding period and malus and clawback provisions, as if the Executive Director had remained in employment. The extent to which awards vest will be determined by the REMCO, taking into account the extent to which the performance conditions have been satisfied. ◦ In the event of death: the award will vest in full on the date of death or, if there is a target level set out in the performance condition, then at that target level, unless the REMCO determines otherwise. ◦ Change of control: awards will be exchanged for equivalent new awards issued by the acquirer, if agreed to by the acquirer and the Board. If there is no agreement to exchange awards, awards will (i) vest immediately in full if there is no performance condition, or (ii) vest immediately to the extent that any performance condition has been satisfied to the date of vesting. Such awards will be reduced pro-rata for time elapsed during the performance period unless agreed otherwise. ◦ Other circumstances (including resignation): awards will lapse on cessation of employment unless statutory requirements apply. ◦ The REMCO retains discretion to waive any part of a holding period in exceptional circumstances (primarily death).
Other	The provision of end-of-employment benefits such as a contribution to the Executive Director's legal fees for the review of any settlement agreement, repatriation costs, and outplacement support may also be included, as deemed reasonable by the REMCO. The Executive Director may also remain eligible for other benefits, such as security provision or tax return preparation, in line with policies for the wider workforce. The Company may pay the Executive Director's tax on such benefits. The REMCO may adjust the range and scope of the benefits offered in the context of developments for other employees in relevant countries.

In the event an Executive Director is based outside of the UK, the REMCO will determine the appropriate service contract and end of employment arrangements.

The table below sets out the effective dates of the Executive Directors' service contract.

Executive Director	Date of contract
Wael Sawan	January 1, 2023
Sinead Gorman	April 1, 2022

Executive Directors' employment arrangements are available for inspection at the AGM or on request. For further details on the appointment and re-appointment of Directors, see "Governance Framework" on page 159 and "Other regulatory and statutory information" on page 223.

Non-executive Directors' Remuneration Policy table

Fee structure	Approach to setting fees	Other remuneration
Non-executive Directors (NEDs) receive a fixed annual fee for their Directorship. The Chair receives a Chair of the Board fee, and other NEDs receive a base fee for membership of the Board. Additional annual fees are payable to any NED (other than the Chair of the Board) who serves as Senior Independent Director, a Board Committee Chair, or a Board committee member. Any individual receives either a Chair or member fee in respect of each committee they sit on. The Chair of a committee does not receive both fees. NEDs receive an additional fee for any Board meeting involving intercontinental travel, with the exception of one meeting a year held in a location other than London.	The Chair of the Board fee is determined by the REMCO. The Board determines the fees payable to NEDs. The maximum aggregate annual fees will be within the limit specified by the Articles of Association and in accordance with the NEDs' responsibilities and time commitments. The Board reviews NED fees periodically to ensure that they are appropriate in the context of fee levels at other major listed companies.	Business expenses incurred in respect of the performance of their duties as a NED will be paid or reimbursed by Shell. Such expenses could include transport between home and office, and occasional business-required partner travel. NEDs may receive a token of recognition on retirement from the Board. The maximum value for this is £300. The REMCO has the discretion to offer other benefits as appropriate to the circumstances. Where business expenses or benefits create a personal tax liability to the NED, Shell may cover the associated tax. The Chair and other NEDs are not eligible to receive awards under any incentive or performance-based remuneration plans, and personal loans or guarantees are not granted to them. NEDs do not accrue any retirement benefits as a result of their Non-executive Directorships with Shell. NEDs are encouraged to hold Shell shares with a value equivalent to 100% of their annual base fee and maintain that holding during their tenure.

Non-executive Directors' letters of appointment

NEDs, including the Chair of the Board, have letters of appointment. NEDs' letters of appointment are available for inspection at the AGM or on request. The table below shows the effective dates for the NEDs' appointments:

Non-executive Director	Effective date of appointment
Sir Andrew Mackenzie	October 1, 2020
Dick Boer	May 20, 2020
Neil Carson	May 21, 2019
Ann Godbehere	May 23, 2018
Jane Holl Lute	May 19, 2021
Catherine J. Hughes	June 1, 2017
Sir Charles Roxburgh	March 13, 2023
Bram Schot	October 1, 2020
Leena Srivastava	March 13, 2023
Cyrus Taraporevala	March 2, 2023

See "Governance framework" on page 159 and "Other regulatory and statutory information" on page 223 for further details on the appointment and re-appointment of NEDs.

Non-executive Director recruitment

The remuneration package for new NEDs is determined within the confines of the Policy table for NED fees, and subject to the Articles of Association. NEDs are not offered variable remuneration or retention awards.

When determining the benefits for a new Chair of the Board, the individual circumstances of the future Chair will be taken into account.

Non-executive Director termination of office

No payments for loss of office will be made to NEDs.

Consideration of wider employee views

The REMCO takes account of the pay and employment conditions of the broader workforce when setting the Policy for Executive Directors.

While no specific employee groups were consulted as part of the 2023 Policy review, Shell promotes and maintains good relations with employee representative bodies as part of its employee engagement programme, and operates multiple forums through which employees can engage on various business matters, including pay.

When determining Executive Directors' remuneration structure and outcomes, the REMCO reviews a set of information, including relevant reference points and trends, which includes internal data on employee remuneration (for example, employee relations matters in respect of remuneration, and average salary increases applying in the Netherlands, the UK and the USA). During the Policy review, pay and employment conditions of the wider Shell employee population were taken into account by adhering to the same performance, rewards and benefits philosophy for the Executive Directors, as well as overall benchmarking principles. Furthermore, any potential differences from other employees (see "Differences in Remuneration Policy for Executive Directors from that for other employees") were taken into account when providing the REMCO with advice in the formation of the Policy.

The REMCO is kept informed by the CEO, the Chief Human Resources and Corporate Officer, and the Executive Vice President Performance and Reward on the bonus scorecard and any relevant remuneration matters extending below the Board and Executive Committee.

See "Workforce engagement on remuneration matters" in "Annual Report on Remuneration" on page 204 for more information on how Shell considers and engages with the broader workforce on remuneration matters.

Consideration of shareholder views

The REMCO engages with major shareholders regularly throughout the year. Such engagement allows the REMCO to hear shareholders' views on Shell's approach to executive remuneration, and test proposals when developing or evolving the Policy. In recent years, the REMCO has responded to shareholder views, including the approach to energy transition metrics in the LTIP, the quantum of executive pay and the broader use of discretion to manage remuneration outcomes. In developing the proposed Policy, the REMCO again consulted with shareholders and received a diverse range of views that have helped to determine which proposals to refine and which to discard. For example, as a result of shareholder feedback in the fourth quarter of 2022, the REMCO determined not to proceed with seeking support for recruitment provision that would permit an extended notice period on hiring. Shareholders have been helpful in emphasising the need for balanced metrics in the LTIP to help avoid unintended consequences as Shell progresses through the energy transition. In 2022, the continued interest in the energy transition LTIP measure directly influenced increased transparency in Shell's reporting on the progress of its energy transition journey.

It was clear to the REMCO that while there were inevitably contrasting views around the different aspects of the Policy, shareholders are supportive of Shell's overall approach to remuneration and the REMCO's careful deliberations in decision-making. The REMCO will continue to review the Policy regularly to ensure it continues to reinforce Shell's long-term strategy and closely aligns with shareholders' interests.

Additional Policy statement

The REMCO reserves the right to make payments outside of the Policy in limited, exceptional circumstances, such as for regulatory, tax or administrative purposes, or to take account of a change in legislation or exchange controls, and only where the REMCO considers such payments are necessary to give effect to the intent of the Policy.

Signed on behalf of the Board

/s/ Sean Ashley
Sean Ashley
Company Secretary
March 25, 2025

Other regulatory and statutory information

The Directors' Report comprises pages 149-223 and 442-444 of this report, together with the sections of the Annual Report incorporated by cross reference. This section of the Directors' Report contains the remaining information which the Directors are required to report on each year and for the year ended December 31, 2024. There are other matters that are required to be reported on and that have been disclosed in other sections of the Annual Report, as summarised below. This includes certain disclosures which are required to be contained in the Directors' Report which have, as permitted by legislation, been included in the Strategic Report, and are incorporated by cross reference, including certain disclosures required under Schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008).

Management Report	This Directors' Report, together with the Strategic Report, serves as the Management Report for the purpose of Disclosure Guidance and Transparency Rule (DTR) 4.1.8R. Both the Directors' Report and Strategic Report have been presented in accordance with and reliance on English law, and the liabilities of the Directors in connection with those reports shall be subject to the limitations and restrictions provided by such law.	Directors' Report: pages 149-223 and 442-444 Strategic Report: pages 1-148
Corporate governance	The Company's statement on corporate governance, as required by DTR7.2.3R.	Directors' Report: pages 149-223 and 442-444
Business relationships	A statement, summarising the Directors' business relationships with suppliers, customers and others.	Strategic Report: pages 1-148
Employee engagement	Information on how Directors have engaged with employees.	Workforce engagement: pages 167-168
Directors' interests [A]	The interests (in shares of the Company or calculated equivalents) of the Directors in office at the end of the year, including any interests of a "connected person". Changes in Directors' share interests during the period from December 31, 2024, to March 7, 2025.	Annual Report on Remuneration: pages 191-207
Likely future developments	Information relating to likely future developments.	Provided throughout the Strategic Report: pages 1-148
Research and development	Information relating to Shell's research and development, including expenditure.	Shell's strategy: pages 6-17
Diversity, equity and inclusion	Information concerning diversity, equity and inclusion. This includes information on the equal opportunities in recruitment, career development, promotion, training and rewards for all our people, including those with disabilities.	Powering lives: pages 114-121
Employee communication and involvement	Information concerning employee communication and involvement.	Powering lives: pages 114-121
Corporate social responsibility	A summary of Shell's approach to corporate social responsibility. Further details are available on shell.com.	Powering lives: pages 114-121
Branches	A list of our subsidiaries, joint ventures and associates. Our activities and interests are operated through subsidiaries, branches of subsidiaries, joint ventures and associates which are subject to the laws and regulations of many different jurisdictions.	Additional Information, Appendix 1: pages 454-475
Greenhouse gas emissions	Information relating to greenhouse gas emissions.	Our journey to net zero: pages 76-108
Risk management	Detail on risk factors. Information on emerging risks.	Risk management and risk factors: pages 134-144 Other regulatory and statutory information: pages 216-223
Financial risk management, objectives and policies	Descriptions of the use of financial instruments and Shell's financial risk management objectives and policies, and exposure to market risk (including price risk), credit risk and liquidity risk.	Consolidated Financial Statements: Note 26, pages 298-304
UK Listing Rule (UKLR) information [B]	Information concerning the amount of interest capitalised by Shell.	Consolidated Financial Statements: Note 10, page 274
Significant shareholdings	Information concerning significant shareholdings.	Shareholder information: pages 442-444

[A] "Connected person" has the meaning given to "person closely associated" within the Market Abuse Regulation.

[B] This information is given in accordance with UKLR 6.6.1R. Further information in connection with UKLR 6.6.1R is contained in the remainder of "Other regulatory and statutory information".

Modern Slavery Act Statement

We procure goods and services from local and international suppliers who meet the standards we require. The standards include those relating to human rights, labour practices and business integrity and are governed by the Shell Supplier Principles. Monitoring is undertaken centrally in connection with the preparation of the Shell Group's Modern Slavery Act (MSA) Statement which is prepared by taking proposed inputs from Shell companies in scope of the MSA as to their steps taken to ensure modern slavery does not occur in their supply chain or organisation. The Shell Group Statement is approved by the Board of Shell plc, after approval by the boards of Shell companies which are in scope of the MSA.

Disclosure of information to auditors

In accordance with section 418 of the Companies Act 2006, each of the persons who is a Director at the date of approval of this Report confirms that, so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware. The Director has taken all steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Financial Statements, Dividends and Dividend Policy

The "Consolidated Statement of Income" and "Consolidated Balance Sheet" can be found on pages 241 and 242 respectively.

Subject to Board approval, Shell aims to grow the dividend per share by 4% per annum. As announced as part of Capital Markets Day 2025, in total, Shell targets the distribution of 40-50% of cash flow from operations through the cycle to shareholders. The Board may choose to return cash to shareholders through a combination of dividends and share buybacks.

When setting the level of shareholder distributions, the Board looks at a range of factors, including the macro environment, the earnings and cash flow of the Group, the balance sheet strength, future investment, acquisition and divestment plans, and existing commitments.

The Board currently resolves to pay interim dividends on a quarterly basis. Shell does not currently pay a "final" dividend, which would need to be voted on by shareholders, requiring the introduction of a resolution at the AGM. This would delay the payment of the fourth quarter dividend (currently paid in late March) until after the AGM. This approach to dividend payments is not uncommon for companies distributing returns to shareholders on a quarterly basis.

Shell pays its dividend in USD, EUR or GBP fully electronically either in CREST or via interbank transfers.

The Directors have announced a fourth quarter interim dividend payable on March 24, 2025, to shareholders on the Register of Members at the close of business on February 14, 2025. The closing date for dividend currency elections was February 28, 2025 [A] and the euro and sterling equivalents announcement date was March 10, 2025.

[A] A different dividend currency election date may apply to shareholders holding shares in a securities account with a bank or financial institution ultimately through Euroclear Nederland. This may also apply to other shareholders who do not hold their shares either directly on the Register of Members or in the corporate sponsored nominee arrangement. Such shareholders can contact their broker, financial intermediary, bank or financial institution for the election deadline that applies.

2024 Viability Statement and Going Concern Statement

The "Strategic Report" includes information about Shell's strategy, financial condition, cash flows and liquidity, as well as the factors, including the principal risks, likely to affect Shell's future development. It also describes Shell's business model, including competitive advantages and key strengths. The Directors assess Shell's prospects both at an operating and strategic level, each involving different time horizons. To this end, the Directors assess Shell's portfolio and strategy against a wide range of outlooks, including assessing the potential impacts of various possible energy transition pathways and scenarios for changes in societal expectations in relation to climate change. Shell recognises in its strategy that the world is transitioning to a low-carbon energy system.

See "Our journey to net zero" on pages 76-108.

The "Risk management and risk factors" section (see pages 134-144) provides an overview of the principal risks Shell is exposed to in its operations. We have assessed which scenarios linked to the principal risks could lead to a severe but possible outcome. Consideration was given to the climate change and energy transition risk, however the associated material impacts are of a longer-term nature, outside the three-year viability statement period. Therefore, it was not assessed as a stress case scenario for the viability statement. However, it is worth noting that key assumptions that underpin the amounts recognised in the Consolidated Balance Sheet, such as future oil and gas prices, discount rates, future costs of decommissioning and restoration, and tax rates, all go well beyond three years and do take climate change and energy transition into account.

Viability Statement Process



[B] Shell's three-year Operating Plan contains assumptions in relation to internal and external parameters. Some of the key assumptions include the impact of commodity prices, exchange rates, future carbon costs, agreements like LNG contract renewals, production levels and product demand and schedules of growth programmes.

Scenarios and risks

Scenario	Link to principal risks	Impact severity prior remediation
Unplanned shutdown of a major cash-generating asset (for the viability statement period i.e. three years)	[A]	Low
Global macroeconomic uncertainties (including those from a pandemic) - low oil and gas price environment, negative impact on oil product and chemical margins, and long-term demand reduction	[B] and [C]	High
A significant HSSE event and a low oil and gas price environment	[A] and [B]	High

[A] Health, safety, security and environment.

[B] Portfolio risks.

[C] Trading risks.

Conclusion

Taking account of Shell's position and principal risks at December 31, 2024, the Directors have a reasonable expectation that Shell will be able to continue in operation and meet its liabilities as they fall due over its three-year Operating Plan period.

Going concern

In assessing the appropriateness of the going concern assumption over the period to June 30, 2026 (the "going concern period"), management have stress-tested Shell's most recent financial projections to incorporate a range of potential future outcomes by considering Shell's principal risks, further potential downside pressures on commodity prices and cash preservation measures, including reduced future capital expenditure and shareholder distributions. This assessment confirmed that Shell has sufficient cash, other liquid resources and undrawn credit facilities to enable it to meet its obligations as they fall due in order to continue its operations during the going concern period. Therefore, the Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the audited Consolidated Financial Statements. See Note 1 to the "Consolidated Financial Statements" on page 245.

Repurchases of shares

As announced as part of Capital Markets Day 2025, Shell targets the distribution of 40-50% of our cash flow from operations through the cycle to shareholders. The Board may choose to return cash to shareholders through a combination of dividends and share buybacks. For all share buyback programmes mentioned below, Shell entered into irrevocable, non-discretionary arrangements with a broker in order to reduce the issued share capital of the Company.

On November 2, 2023, under shareholder authorities granted at the 2023 AGM, Shell announced the commencement of a \$3.5 billion share buyback programme which was completed on January 26, 2024. On February 1, 2024, Shell announced the commencement of a share buyback programme of a further \$3.5 billion which was completed on April 26, 2024; and on May 2, 2024, Shell announced the commencement of a share buyback programme of a further \$3.5 billion which was completed on July 26, 2024.

At the May 21, 2024, AGM, shareholders granted the Company the authority to repurchase (i) up to 644.2 million ordinary shares "on-market" (excluding any treasury shares), less any "off-market" purchases made under the authority in (ii); and (ii) up to 644.2 million ordinary shares off-market (excluding any treasury shares), less any on-market purchases made under the authority in (i). The authorities for both on-market and off-market purchases will expire at the earlier of the close of business on August 20, 2025, and the end of the AGM of the Company to be held in 2025. On August 1, 2024, Shell announced the commencement of a \$3.5 billion share buyback programme which was completed on October 25, 2024; on October 31, 2024, Shell announced the commencement of a \$3.5 billion share buyback programme which was completed on January 24, 2025; and on January 30, 2025, Shell announced the commencement of a share buyback programme of a further \$3.5 billion which is expected to be completed by May, 2025. This means that, as at close of March 4, 2025, approximately 390 million further shares could still be repurchased under the current AGM authorities.

More information, including the number and nominal value of the shares repurchased in 2024, can be found in Note 27 to the "Consolidated Financial Statements".

The Board continues to regard the ability to repurchase issued shares in suitable circumstances as an important part of Shell's financial management. New resolutions will be proposed at the 2025 AGM to renew the authorities for the Company to purchase its own share capital, up to specified limits, for a further year. These proposals will be described in more detail in the 2025 Notice of Annual General Meeting.

Board of Directors

The names of the Directors who held office during the year can be found on pages 152-156. Information on the Directors who are seeking reappointment is included in the Notice of Annual General Meeting.

Disclosures required under UKLR 6.6.6R(10) as at December 31, 2024

In accordance with UKLR 6.6.6R(10), the gender identity and ethnicity data of the Board and executive management (which includes the Company Secretary, as required by UKLR 6.6.6R(10)) in the format prescribed by UKLR 6 Annex 1 are set out in the below table. Questionnaires are routinely circulated to the Board and Executive Committee members at the end of each financial year, requesting certain declarations and confirmations. For the purposes of UKLR 6.6.6R(9) and (10), the Board and Executive Committee were asked to confirm as part of this annual questionnaire with which of the below categories they identify.

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
Men	7	58%	3	4	50%
Women	5	42%	1	4	50%
Not specified / prefer not to say	-	-	-	-	-

	Number of board members	Percentage of the board	Number of senior positions on the board (CEO, CFO, SID and Chair)	Number in executive management	Percentage of executive management
White British or other White (including minority-white groups)	9	75%	3	6	75%
Mixed / Multiple ethnic groups	-	-	-	-	-
Asian / Asian British	2	17%	-	-	-
Black / African / Caribbean / Black British	-	-	-	-	-
Other ethnic group	1	8%	1	1	12.5%
Not specified / prefer not to say	-	-	-	1	12.5%

The Board met each of the UKLR and FTSE Women Leaders Review targets of maintaining a minimum of 40% female representation on the Board. The Company meets the targets set out in UKLR 6.6.6(9) as the Board was 42% female. The CFO and a senior position on the Board is a woman, and the Board has three Directors from minority ethnic backgrounds.

Qualifying third-party indemnities

The Company has entered into a Deed of Indemnity (Deed) with each Director of the Company who served during the year. The Deeds were in force during the 2024 financial year and are currently in force. The terms of each of these Deeds are identical and they reflect the statutory provisions on indemnities contained in the Companies Act 2006 (CA 2006). Under the terms of each Deed, the Company has agreed to indemnify the Director, to the fullest extent permitted by the CA 2006, against any loss, liability or damage, howsoever caused (including in respect of a Director's own negligence), suffered or incurred by a Director in respect of their acts or omissions while or in the course of acting as a Director or employee of the Company, any associated company or affiliate (within the meaning of the CA 2006). In addition, the Company shall lend funds to Directors as required to meet reasonable costs and expenses incurred or to be incurred by them in defending any criminal or civil proceedings brought against them in their capacity as a Director or employee of the Company, associated company or affiliate, or, in connection with certain applications brought under the CA 2006. The provisions in the Company's Articles of Association (Articles) relating to arbitration and exclusive jurisdiction are incorporated, mutatis mutandis, into the Deeds entered into by each Director and the Company.

The Company has provided both indemnities and Directors' and Officers' insurance to the Directors in connection with the performance of their responsibilities, both of which were in force during the 2024 financial year and are currently in force. Copies of these indemnities and the Directors' and Officers' insurance policies are open to inspection. A copy of the form of these indemnities is filed with the US Securities and Exchange Commission.

Related party transactions

Other than disclosures given in Notes 14 and 34 to the "Consolidated Financial Statements" on pages 280 and 311, there were no transactions or proposed transactions that were material to either the Company or any related party. Nor were there any transactions with any related party that were unusual in their nature or conditions.

Political contributions

No payments were made by Shell companies to political parties, organisations or their representatives during the year. Shell USA, Inc. administers the non-partisan Shell USA, Inc. Employees' Political Awareness Committee (SEPAC), a political action committee registered with the US Federal Election Commission. Eligible employees may make voluntary personal contributions to the SEPAC. All employees' contributions comply with federal and state law and are publicly reported in accordance with US election laws. Shell USA, Inc. does not exercise control over SEPAC's funding decisions.

Recent developments and post-balance sheet events

See Note 36 to the "Consolidated Financial Statements" on page 312.

Share capital

The Company's issued share capital at December 31, 2024, is set out in Note 27 to the "Consolidated Financial Statements" on page 305. The percentage of the total issued share capital is given below.

Share capital percentage as at December 31, 2024

Share class	%
Ordinary	100

Transfer of securities

There are no restrictions on transfer or limitations on the holding of the ordinary shares other than under the Articles, restrictions imposed by law or regulation (for example, insider trading laws) or pursuant to the Company's Share Dealing Code.

Share ownership trusts and trust-like entities

Shell has three primary employee share ownership trusts and trust-like entities: a Dutch foundation (stichting) and two US Rabbi Trusts. The shares held by the Dutch foundation are voted by its Board and the shares in the US Rabbi Trusts are voted by the Voting Trustee, Newport Trust Company. Both the Board of the Dutch foundation and the Voting Trustee are independent of Shell.

The UK Shell All Employee Share Ownership Plan has a separate related share ownership trust. Shares held by the trust are voted by its trustee, Computershare Trustees Limited, as directed by the participants.

An evergreen dividend waiver is in place in respect of 20 unallocated shares held in a legacy employee share trust.

Auditor

A resolution relating to the appointment of Ernst & Young LLP as auditor for the financial year 2025 will be proposed at the 2025 AGM.

Annual General Meeting

The AGM will be held on May 20, 2025, at the Sofitel London Heathrow Hotel - Terminal 5, London Heathrow Airport, London TW6 2DG, United Kingdom. The Notice of Annual General Meeting will include details of the business to be put to shareholders at the AGM.

Conflicts of interest

In accordance with CA 2006 and the Company's Articles, the Board may authorise any matter that otherwise may involve any Directors breaching their duty to avoid conflicts of interest. The Board has adopted a procedure to address these requirements. Detailed conflict of interest questionnaires are reviewed by the Board and, if considered appropriate, authorised. Conflicts of interest as well as any gifts and hospitality received by and provided by Directors are kept under review by the Board. Further information relating to conflicts of interest can be found in the Articles, available on the Shell website.

Significant commitments of the Chair

The Chair's other significant commitments are given in his biography on page 152.

Shell General Business Principles

The Shell General Business Principles define how all employees and contractors and those working in joint ventures we operate, are expected to conduct their affairs and are underpinned by the Shell core values of honesty, integrity and respect for people. These principles include, among other things, Shell's commitment to support fundamental human rights in line with the legitimate role of business and to contribute to sustainable development. They are designed to mitigate the risk of damage to our business reputation and to prevent violations of local and international legislation. They can be found at shell.com/sgbp.

See "Risk management and risk factors" on pages 134-144.

Shell Code of Conduct

Directors, officers, employees and contract staff are required to comply with the Shell Code of Conduct, which instructs them on how to behave in line with the Shell General Business Principles. This Code clarifies the basic rules and standards they are expected to follow and the

behaviour expected of them. These individuals must also complete mandatory Code of Conduct training. Designated individuals are required to complete additional mandatory training on antitrust and competition laws, anti-bribery, anti-corruption and anti-money laundering laws, financial crime, data protection laws and trade compliance requirements.

See "Risk management and risk factors" on pages 134-144.

See shell.com/codeofconduct.

Code of Ethics

Executive Directors and Senior Financial Officers of Shell must also comply with the Code of Ethics. In 2024 we updated the conflict of interest reporting lines and made other non-substantive revisions to the Code of Ethics. This Code is specifically intended to meet the requirements of Section 406 of the Sarbanes-Oxley Act. It can be found at shell.com/codeofethics.

Malus and Clawback Policy

In compliance with US SEC rules, the REMCO adopted a Malus and clawback policy for Executive Directors and other Executive Committee members in 2023.

Independent professional advice

All Directors may seek independent professional advice in connection with their role as a Director. All Directors have access to the advice and services of the Company Secretary. The Company has provided both indemnities and Directors' and Officers' insurance to the Directors in connection with the performance of their responsibilities. Copies of these indemnities and the Directors' and Officers' insurance policies are open to inspection. A copy of the form of these indemnities has been previously filed with the US Securities and Exchange Commission.

Results presentations and analysts' meetings

The planned dates of the quarterly, half-yearly and annual results presentations, as well as all major analysts' meetings, are announced in advance on the Shell website and through a regulatory release.

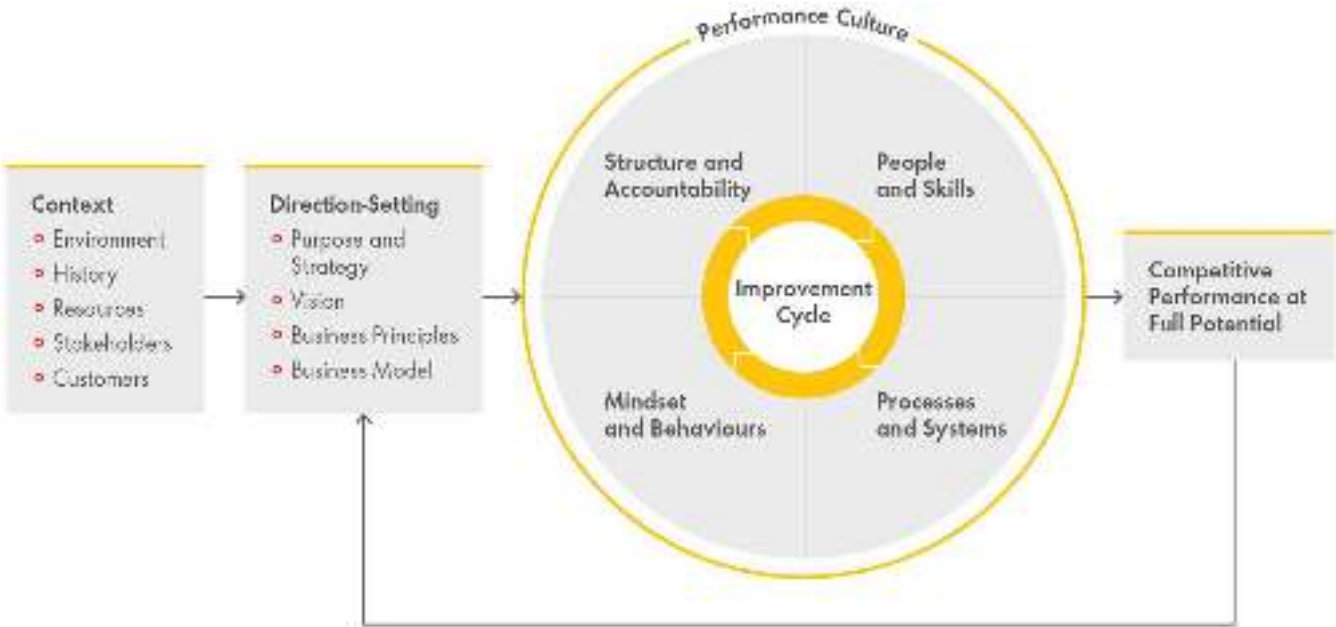
Generally, presentations are broadcast live via webcast. Other meetings with analysts or investors are not normally announced in advance, nor can they be followed remotely by webcast or any other means. Procedures are in place to ensure that discussions in such meetings are always limited to non-material information or information already in the public domain.

Results and meeting presentations can be found at shell.com/investors. This is in line with the requirement to ensure that all shareholders and other parties in the financial market have equal and simultaneous access to information that may influence the price of the Company's securities.

Shell Performance Framework

The Shell Performance Framework is the overarching framework we use to deliver our strategy. It applies to all Shell companies and provides a consistent approach for how each company in Shell operates. It seeks to empower each company in a way that is fit for purpose, while delivering on our overall objectives. It emphasises the value of a holistic or "whole systems" approach to business activities along with the important role that culture plays in achieving Shell's objectives.

The Shell Performance Framework



The Shell Performance Framework supports the delivery of sustainable business outcomes. In pursuit of this, consideration is given to both the context in which Shell operates and key elements of direction-setting, including, for example, Shell's strategy and the Shell General Business Principles.

Delivery of the desired outcomes is then pursued by leveraging our Performance Culture, i.e., the shared values, practices and beliefs of our employees. This is influenced by decisions on:

- Structure and Accountability – how we are organised and governed and the associated roles and responsibilities;
- People and Skills – our workforce composition, such as its size, diversity and location, and the skills required to deliver Shell's objectives;
- Processes and Systems – how we transform inputs into outputs in a controlled manner, leveraging data and systems as appropriate. This also includes the standards that further define the boundaries within which Shell operates;
- Mindset and Behaviours – this includes the role of leadership and Shell's values, beliefs and behaviours, as set out, for example, in the Code of Conduct.

At the heart of the Shell Performance Framework is the Improvement Cycle, which integrates performance management, risk management, including controls and assurance, learning and improvement. It follows a "Plan-Do-Check-Adjust" approach and helps to drive a consistent way of working and improving.

Risk management and controls

The Board is responsible for establishing and maintaining procedures to manage risk, overseeing the internal control framework, and determining the nature and extent of the principal risks that Shell is willing to take in order to achieve its long-term strategic objectives.

The Shell Performance Framework sets out the overarching approach to how we manage risks in Shell. This approach, together with Shell's principal and emerging risks, is described on Page 134.

Board review of principal and emerging risks

The Board confirms it has carried out a robust assessment of Shell's principal risks, including a robust process for identifying, evaluating and managing these principal risks. The Board also confirms it has carried out a robust assessment of Shell's emerging risks. These assessments have been in place throughout 2024 and up to the date of this Report, are reviewed by the Board and accord with the Financial Reporting Council guidance on risk management, internal control and related financial and business reporting.

See "Risk management and Risk factors" on page 134-144

Review of the effectiveness of the system of risk management and internal control

The Audit and Risk Committee (ARC) assists the Board in fulfilling its responsibilities in relation to the effectiveness of the risk management and internal control system, the integrity of financial reporting, and consideration of compliance matters.

See "Audit and Risk Committee Report" on pages 176-187.

The ARC receives regular reports from the Chief Internal Auditor on notable internal audits and those with a significant impact on the effectiveness of controls. The ARC reviews significant incidents involving financial, operational and compliance controls and receives regular reports on business integrity issues. The ARC also requests updates on specific financial, operational and compliance control issues throughout the year. It is helped with its monitoring and review responsibilities by summaries of the Annual Proved Reserves Disclosure as well as the reports of:

- the Executive Vice President Controller;
- the Chief Internal Auditor;
- the external auditor;
- the Chairs of the Disclosure Committee and the External Reporting Control Committee; and
- the Chief Ethics and Compliance Officer.

The Chair of the ARC provides regular updates to the Board after each of its meetings. These updates cover, among other matters, the respective aspects of controls that it monitors in accordance with its Terms of Reference. During and after such sessions, the Board has the opportunity to request further information and ask clarifying questions. The Board also receives the approved minutes of the ARC. This helps the Board with its ongoing monitoring and annual review of material controls.

The Executive Committee and the ARC conduct an annual review of the effectiveness of the system of risk management and internal control. This is based on their own insights and experience during the year, the outcomes of Group-level risk reviews and the Group Assurance Letter process. As part of the latter, each Executive Director conducts a structured internal assessment of compliance with legal, ethical and other requirements of the Shell Performance Framework.

As part of their annual review, the Executive Committee and ARC also consider input from the Chief Internal Auditor, Chief Ethics and Compliance Officer, Executive Vice President Controller and the external auditor. The Board reviews and discusses the insights and conclusions from this annual assessment.

The Board confirms that it has conducted its annual review of the effectiveness of Shell's system of risk management and internal control in respect of 2024, and that this review covered all material controls, including financial, operational and compliance controls.

Management's evaluation of disclosure controls and procedures of Shell

Shell's management, including the CEO and CFO, has evaluated the effectiveness of Shell's disclosure controls and procedures at December 31, 2024. Based on that evaluation, they concluded that Shell's disclosure controls and procedures are effective.

Management's report on internal control over financial reporting of Shell

Management, including the CEO and CFO, is responsible for establishing and maintaining adequate internal control over Shell's financial reporting and the preparation of the "Consolidated Financial Statements".

Management conducted an evaluation of the effectiveness of Shell's internal control over financial reporting and the preparation of the "Consolidated Financial Statements" based on the Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). On the basis of this evaluation, management concluded that, at December 31, 2024, the Company's internal control over financial reporting and the preparation of the "Consolidated Financial Statements" was effective.

Changes in internal control over financial reporting

There has not been any change in the internal control over financial reporting of Shell that occurred during the period covered by this Report that has materially affected, or is reasonably likely to materially affect, the internal control over financial reporting of Shell.

Material financial information of the Royal Dutch Shell Dividend Access Trust is included in the "Consolidated Financial Statements" and is therefore subject to the same controls and procedures.

Articles of Association

The Company's Articles were adopted on May 23, 2023. The Articles may only be amended by a special resolution of the shareholders in a general meeting. A full version of the Company's Articles can be found at shell.com/investors.

Management and Directors

The Company has a single-tier Board of Directors headed by a Chair, with management led by a CEO. See "The Board of Shell plc" on pages 152-156 and "Executive Committee" on pages 157-158.

Directors' shareholding qualification

While the Articles do not require Directors to hold shares in the Company, the REMCO believes that Executive Directors should align their interests with those of shareholders by holding shares in the Company. The CEO is expected to build up a shareholding of seven times base salary over five years from appointment and the CFO is expected to build up a shareholding of five times base salary over the same period. In the event that another Executive Director joins the Board, the REMCO will determine their shareholding requirement, which will not be less than 200% of their base salary.

Executive Directors will be required to maintain their requirement (or existing shareholding if less than the guideline) for a period of two years post employment. Non-executive Directors are encouraged to hold shares with a value equivalent to 100% of their base fee and to maintain that holding during their tenure.

Information on the Directors with shares in the Company can be found in the "Directors' Remuneration Report" on pages 188-190.

Appointment and retirement of Directors

The Company's Articles, the Corporate Governance Code and the Companies Act 2006 govern the appointment and retirement of Directors. Board membership and biographical details of the Directors are provided on pages 152-156. However, Directors follow the direction laid out in the Corporate Governance Code and stand for re-election annually.

Rights attaching to shares

The full rights attaching to shares are set out in the Company's Articles. The Company can issue shares with any rights or restrictions attached to them as long as this is not restricted by any rights attached to existing shares. These rights or restrictions can be decided either by an ordinary resolution passed by the shareholders or by the Board as long as there is no conflict with any resolution passed by the shareholders.

Voting

Currently, the voting rights of each ordinary share carry one vote at a general meeting of the Company.

Change of control

There are no provisions in the Articles that would delay, defer or prevent a change of control.

Directors' responsibilities in respect of the preparation of the Annual Report and Accounts

The Directors are responsible for preparing the Annual Report, including the financial statements, in accordance with applicable laws and regulations. These require the Directors to prepare financial statements for each financial year. As such, the Directors have prepared the Consolidated Financial Statements and the Parent Company Financial Statements in accordance with UK-adopted international accounting standards and with the requirements of the UK Companies Act 2006 as applicable to companies reporting under those standards. In preparing these financial statements, the Directors have also elected to comply with IFRS as issued by the International Accounting Standards Board (IASB). The Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of Shell and the Company and of the profit or loss of Shell and the Company for that period. In preparing these financial statements, the Directors are required to:

- adopt the going concern basis unless it is inappropriate to do so;
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether international accounting standards in conformity with the requirements of the UK Companies Act 2006, UK-adopted international accounting standards and International Financial Reporting Standards as issued by the IASB have been followed.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the transactions of Shell and the Parent Company and disclose with reasonable accuracy, at any time, the financial position of Shell and the Parent Company and to enable them to ensure that the financial statements comply with the UK Companies Act 2006 and, as regards the Consolidated Financial Statements are in accordance with UK-adopted international accounting standards. The Directors are also responsible for safeguarding the assets of Shell and the Parent Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors, whose names and functions can be found on page 152-156, confirms that, to the best of their knowledge:

- the financial statements, which have been prepared in accordance with international accounting standards in conformity with the requirements of the UK Companies Act 2006, and therefore in accordance with UK-adopted international accounting standards and International Financial Reporting Standards as issued by the IASB, give a true and fair view of the assets, liabilities, financial position and profit of Shell and the Company; and
- the Management Report includes a fair review of the development and performance of the business and the position of Shell, together with a description of the principal risks and uncertainties that it faces.

Furthermore, so far as each of the Directors is aware, there is no relevant audit information of which the auditors are unaware, and each of the Directors has taken all the steps that ought to have been taken in order to become aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors consider that the Annual Report, including the financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess Shell's position and performance, business model and strategy.

The Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the financial statements.

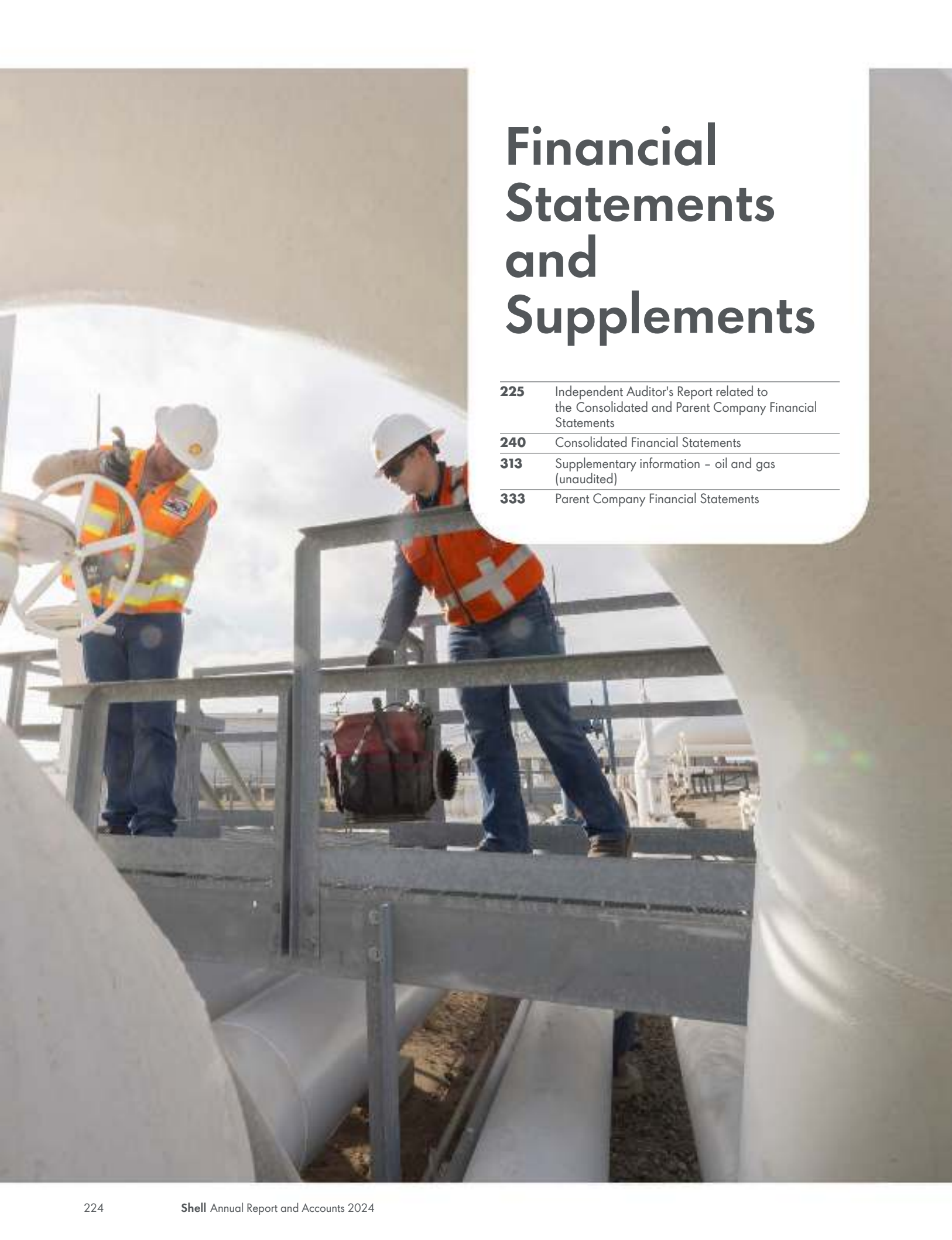
The Directors are responsible for the maintenance and integrity of the Shell website (shell.com). Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board

/s/ Sean Ashley

Sean Ashley

Company Secretary
March 25, 2025



Financial Statements and Supplements

225	Independent Auditor's Report related to the Consolidated and Parent Company Financial Statements
240	Consolidated Financial Statements
313	Supplementary information – oil and gas (unaudited)
333	Parent Company Financial Statements

Independent Auditor's Report to the members of Shell plc

1. Opinion

In our opinion, the financial statements of Shell plc (the Parent Company) and its subsidiaries (collectively, Shell or Group):

- give a true and fair view of the state of Shell's and of the Parent Company's affairs as at December 31, 2024 and of Shell's income and the Parent Company's income for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Parent Company and the Group for the year ended December 31, 2024, which are included in the Annual Report and comprise:

Group	Parent Company
Consolidated Balance Sheet as at December 31, 2024 Consolidated Statement of Income for the year then ended Consolidated Statement of Comprehensive Income for the year then ended Consolidated Statement of Changes in Equity for the year then ended Consolidated Statement of Cash Flows for the year then ended Related Notes 1 to 36 to the Consolidated Financial Statements, including material accounting policies, judgements and estimates.	Balance Sheet as at December 31, 2024 Statement of Income for the year then ended Statement of Comprehensive Income for the year then ended Statement of Changes in Equity for the year then ended Statement of Cash Flows for the year then ended Related Notes 1 to 17 to the Financial Statements, including material accounting policies, judgement and estimates.

The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and International Financial reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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

3. Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.

4. Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. The going concern assessment covered the period to June 30, 2026 (the going concern period). Our evaluation of the directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- checking the consistency of information used in management's assessment with the operating plan and information obtained through auditing other areas of the business such as impairment assessments and deferred tax asset recoverability assessments;
- challenging the reasonableness of the estimated financial impact of each of the severe but possible scenarios, and the possible mitigation steps and assumptions regarding the availability of future funding options. The scenarios are described by management in the basis of preparation statements in Note 1 to the Consolidated Financial Statements and Note 1 to the Parent Company Financial Statements;
- checking that Shell's operating plan reflects the actions that management intend to take in order to achieve their stated Scope 1 and Scope 2 emissions reductions, as stated in Note 4 to the Consolidated Financial Statements, including confirming that the operating and capital expenditure estimates to deliver the reductions are included in the operating plan. This included evaluating Shell's carbon pricing assumptions;
- conducting severe but plausible independent stress testing to a significantly lower price environment than current prices throughout the going concern period and a reverse stress test to determine the conditions under which Shell could potentially experience a liquidity shortfall; and
- assessing that Shell's going concern disclosures were appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's and Parent Company's ability to continue as a going concern until June 30, 2026.

In relation to the Group and Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the Consolidated Financial Statements and Parent Company Financial Statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

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

5. Overview of our audit approach

Key audit matters (Section 6)	The key audit matters that we identified in the 2024 audit were: ◦ impact of climate change and the energy transition on the Consolidated Financial Statements; ◦ estimation of oil and gas reserves; ◦ impairment assessment of property plant and equipment (PP&E) and joint ventures and associates (JVAs); and ◦ accounting for complex transactions within Shell's Gas & Power trading and supply function and the valuation of physical and financial derivatives.						
Assessing materiality (Section 7)	We based materiality on three-year normalised Adjusted Earnings on a pre-tax basis. This approach removes both the effects of changes in oil price on inventory carrying amounts and non-recurring gains and charges disclosed as identified items, which can significantly distort Shell's results in any one particular year. By applying a normalised Adjusted Earnings approach, we concluded that it was appropriate to set planning materiality at \$2.0 billion. We adopted the following materiality measures in our 2024 audit: Assessing materiality <table><tr><th>Planning materiality</th><th>Performance materiality</th><th>Reporting differences</th></tr><tr><td>\$2.0 billion (2023: \$2.0 billion)</td><td>\$1.5 billion (2023: \$1.5 billion)</td><td>\$100 million (2023: \$100 million)</td></tr></table>	Planning materiality	Performance materiality	Reporting differences	\$2.0 billion (2023: \$2.0 billion)	\$1.5 billion (2023: \$1.5 billion)	\$100 million (2023: \$100 million)
Planning materiality	Performance materiality	Reporting differences					
\$2.0 billion (2023: \$2.0 billion)	\$1.5 billion (2023: \$1.5 billion)	\$100 million (2023: \$100 million)					
Our scope of the audit of Shell's Consolidated Financial Statements (Section 8)	We performed an audit of the complete financial information of seven components and audit procedures on specific balances for a further 80 components and central procedures on climate change and energy transition on the Consolidated Financial Statements, estimation of oil and gas reserves, impairment assessment of property, plant and equipment (PP&E) and joint ventures and associates and accounting for complex transactions within Shell's Gas & Power trading and supply function and the valuation of physical and financial derivatives. Our scope was tailored to the circumstances of our audit of Shell and is influenced by our determination of materiality and our assessed risks of material misstatement. Similar to the prior year, during the course of the 2024 audit, we did not make any substantial changes to our assessment of the components where we performed full or specific scope audit procedures; however, what did change was the nature and emphasis of our testing in response to our significant audit risks and areas of audit focus. By following this approach, our audit effort focused on higher risk areas, such as management judgements.						

6. Our assessment of key audit matters

Key audit matters (KAMs) are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on; the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of Shell's Consolidated and Parent Company Financial Statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

The impact of climate change and the energy transition on the Consolidated Financial Statements

Description of the key audit matter

The financial statement and audit risks related to climate change and the energy transition remain an area of audit focus given the continuing uncertainty surrounding the impact of climate change and the pervasive impact it has on many areas of accounting judgement and estimation and, therefore, our audit.

The processes by which management is informed about climate-related issues is set out in Our journey to net zero, within the Strategic report, and Sustainability Statements which forms part of the "other information", rather than the audited financial statements. Within these sections, Shell have described climate-related risks and opportunities over the short, medium and long term. They also describe the impact of climate-related risks and opportunities on Shell's business, strategy and financial planning and Shell's process for identifying and assessing climate-related risks and the process for managing these risks.

In Note 4 to the Consolidated Financial Statements, Shell describe how they consider climate-related impacts in key areas of the Consolidated Financial Statements and how this translates into the valuation of assets and measurement of liabilities.

In carrying out our audit, we have focused on the alignment of assumptions adopted by Shell in the preparation of their financial statements with commentary on climate change within their Strategic Report and Sustainability Statements. We have also considered the information and data on material impacts, risks and opportunities based on the outcome of the double materiality assessment included in the Sustainability Statements. We also focused on how Shell had reflected material climate change risks in their financial statements, including the impact of climate-related targets and ambitions on accounting estimates and judgements.

In focusing on how Shell has reflected material climate change risks in Shell's Consolidated Financial Statements, we have considered:

- 1) how Shell's assumed future commodity price assumptions compare to energy transition scenarios;
- 2) the reasonableness of Shell's forecast future carbon costs;
- 3a) the carbon intensity of Shell's Chemicals and Products, Upstream and Integrated Gas assets and associated products;
- 3b) the material financial statements risk associated with delivery of decarbonisation projects of Shell's assets to meet their climate-related targets and ambitions;
- 4) the useful economic lives of assets beyond 2050 and the risk of material stranded assets; and
- 5) how physical risk considerations have been incorporated into Shell's asset plans.

The critical accounting judgements and estimates that are impacted by climate change and the energy transition are disclosed within Note 4 to the Consolidated Financial Statements.

Our response to the risk

Overall response

To respond to the impact of climate change and the energy transition on our audit, we ensured that we had the appropriate skills and experience within the audit team. Our group engagement team included professionals with significant experience in climate change and energy transition. The audit procedures were performed by the group engagement team and component teams.

In our 2024 audit, as part of our risk assessment, we considered financial and non-financial data to assess five climate risks at a granular level. This covered Shell's higher risk assets, with a net book value of around \$35 billion. We considered the carbon intensity of the assets and products sold and where there could be a higher degree of management judgement and bias. This included considering the material financial statement impact of delivery risks of certain decarbonisation projects.

For the assets that we assessed as most susceptible to climate change and energy transition risks, we performed sensitivity analysis and read management's climate scenario analysis to assess whether there were indicators of impairment.

Further procedures performed to address the climate risks included:

Alignment of statements made in Strategic Report and Sustainability Statements with the financial statements

- in connection with our audit of the financial statements, we read the other information in the Annual Report and Accounts (as defined in section 9 below) and, in doing so, considered whether the other information, which includes Shell's climate targets, are materially consistent with the financial statements or our knowledge obtained in the audit;
- evaluated whether the effects of material climate risks, as disclosed within Our journey to net zero, within the Strategic report, had been appropriately reflected in asset values and associated financial statement disclosures, and the timing, nature and measurement of liabilities recognised are in accordance with IFRS, which is discussed further below;
- read and challenged the completeness of management's disclosures in Note 4. We audited the sensitivity disclosures in Note 4 of the carrying value of Shell's Upstream and Integrated Gas PP&E assets to a range of future oil and gas price assumptions, reflecting reduced demand scenarios due to climate change and the energy transition, including the IEA Net Zero Emissions (NZE) by 2050 scenario and Announced Pledges Scenarios (APS). This included considering whether the downside sensitivities could have reduced the level of Shell's distributable profits such that their 2024 shareholder distributions would not have been in compliance with the Companies Act 2006. For Upstream, Integrated Gas and Chemicals and Products assets, we also considered the carrying amounts and their sensitivity to IEA NZE 2050 carbon price scenario and the discount rate sensitivity considering Upstream, Integrated Gas, Marketing, Chemicals and Products and Renewables and Energy Solutions carrying amounts; and
- assessed whether the climate change litigation described in Note 32 was complete and whether it represented obligations where the likelihood of a cash outflow was probable and therefore requiring provision. Also, we considered the appropriateness of the climate change litigation disclosures within Note 32, legal proceedings and other contingencies, by comparing the disclosures to our understanding of the claims and allegations and to the most recent disclosures provided by other oil and gas companies.

6. Our assessment of key audit matters continued**The impact of climate change and the energy transition on the Consolidated Financial Statements continued****Our response to the risk continued****The reflection of material climate change risks and the impact of Shell's climate-related targets and ambitions in the material judgements and estimates**

- tested management's internal controls over the identification and estimation of costs of the potential impacts associated with energy transition and climate change, and related financial statement disclosures in Note 4; and
- held discussions with Group Planning, Group Reporting, Shell's Carbon Strategy group, Safety, Environment, Asset Management Group and, where necessary, individual asset managers to understand and challenge management on how the following four transition and one physical risks of climate change were being factored into Shell's financial statements:

1) The comparison of Shell's assumed future commodity price assumptions to energy transition scenarios

- we engaged oil and gas valuation specialists to assess the reasonableness of Shell's short and long-term pricing assumptions. This included benchmarking Shell's assumptions against a range of third party forecasts (including other oil and gas companies, consultants, banks, brokers and other external outlooks such as International Energy Agency ('IEA'));
- considered specifically the extent to which management's forecast price assumptions incorporated the potential impact of climate change and the energy transition. This included consideration of assumed hydrocarbon and renewables demand and the impacts of such demand movements and supply constraints on future prices; and
- evaluated the reasonableness of Shell's refining and petrochemical margin assumptions, by comparing Shell's assumptions to external benchmarks. We also considered the expected impact on demand for oil products and chemicals in a transition to a net zero economy. Refining margin and petrochemical assumptions underpin the recoverable amount of refineries and petrochemical plants respectively.

2) The reasonableness of Shell's forecast future carbon costs

- we engaged our climate change specialists to assist in evaluating Shell's carbon price methodology, including how price and free allowance assumptions are applied in different jurisdictions. At a country level, we compared Shell's forecast carbon prices to those presented under the IEA NZE scenario. Our procedures were focused on assets with high Scope 1 and 2 emissions and which are geographically located in high carbon price jurisdictions; and
- we independently calculated Shell's forecast carbon cost included in their operating plan, based on carbon price, free allowance and emission assumptions. We performed sensitivity analysis on the mid-point carbon price and free allowance assumptions in the operating plan to the independently determined outlooks identified by our climate change and energy transition specialists to determine whether deviations are material to Shell's operating plan and respective assets.

3a) The carbon intensity of Shell's Chemicals and Products, Upstream and Integrated Gas assets and associated products; and**3b) The material financial statements risk associated with the delivery of decarbonisation projects of Shell's assets to meet their climate-related targets and ambitions**

- we considered the Scope 1 and 2 and lifecycle emissions of the products sold by Shell's assets (net carbon intensity), to identify potential impairment triggers. For Shell's high carbon intensive assets, we considered the decarbonisation plans included in their operating plan. We obtained an understanding of the planned strategies and the basis for associated costs with projects related to carbon capture and storage, energy efficiency and renewables growth. We considered decarbonisation strategies and challenged the associated opex and capex included in the operating plan.
- we confirmed that Shell's operating plan, included costs associated with Shell's plans to achieve their Scope 1 and 2 emissions, Scope 3 category 11 emission relating to oil products and their net carbon intensity ('NCI') targets and ambitions. We challenged management's ability to accurately forecast their scope 1 and 2 emissions assumptions included in the operating plan to meet their 2030 absolute emissions targets through the performance of look-back analysis; and
- we also performed sensitivity analysis by removing all in-plan decarbonisation projects at high carbon intensive assets to determine whether the incremental carbon cost that would need to be incurred on emissions would trigger an impairment. We also performed a sensitivity analysis on major decarbonisation projects relating to assets with higher risk of impact from climate change. We used this to determine whether there would be a material impairment risk should these projects extend past their planned operation date. We also considered additional decarbonisation levers outside of the operating plan, which Shell has optionality to execute in order to meet their climate targets. We confirmed whether the carbon credits and associated costs were included in the operating plan to meet Shell's 2030 ambitions.

4) The useful economic lives of assets beyond 2050 and the risk of material stranded assets

- considering Shell's long-term target to achieve net zero emissions by 2050, we have assessed Upstream and Integrated Gas assets which are expected to be producing beyond 2050. We also verified that the oil, gas and carbon price sensitivity disclosures in Note 4 incorporated life of field assumptions.

5) Whether physical risk considerations have been incorporated into the asset plans

- evaluated management's disclosures around physical risk in the Our journey to net zero section of the Annual Report to ensure compliance with the Task Force on Climate-Related Financial Disclosures;
- using our data analytics and climate change specialists, we performed a physical risk assessment that considered Shell's asset-level mitigation and adaptation measures for the assets that we viewed as being exposed to the highest physical risks, such as hurricanes, flooding, rising temperatures, drought and water dredging. For assets assessed to be high risk, we evaluated the mitigation and adaption measures, and ensured that where relevant, the costs have been appropriately reflected in the operating plan; and
- assessed whether the risk exposure represents an impairment trigger for the associated asset through consideration of the severity of the physical risk, likely time horizon, historical ability to manage physical risk and headroom of the asset.

Our procedures were led by the group engagement team, with input from our teams in Australia and Brazil.

Key observations communicated to the Shell Audit and Risk Committee

We reported to the Audit and Risk Committee the key procedures that we had performed and the results of those procedures, which are set out below:

Alignment of statements made in Strategic Report and Sustainability Statements with the financial statements

- we reported that we had not identified any material inconsistencies between Shell's disclosures in Note 4 to the Consolidated Financial Statements, which covers the material impacts of climate-related matters, and the disclosures included within the other information; and
- we reported that the various climate change litigation as detailed in Note 32 were appropriately disclosed and represented possible obligations.

6. Our assessment of key audit matters continued**The impact of climate change and the energy transition on the Consolidated Financial Statements continued****Key observations communicated to the Shell Audit and Risk Committee continued****The reflection of material climate change risks and the impact of Shell's climate-related targets and ambitions in the critical accounting estimates and judgments****1) the comparison of Shell's assumed future commodity price assumptions to energy transition scenarios**

- we reported that Shell's price assumptions were within the acceptable range when compared against third party forecasts, peer benchmarks and our independently determined ranges;
- IEA's Announced Pledges Scenario (APS) price assumptions, which assumes that all climate commitments made by governments around the world to date, are aligned with Shell's oil price assumptions. Shell's Henry Hub gas price assumption are higher than the APS scenario; however, Henry Hub is not a significant input to the recoverable amount of the of the assets that are expected to be producing beyond 2030 and 2050;
- IEA's NZE price scenarios are lower than Shell's Brent and Henry Hub price assumptions and represent an aspirational target reflecting governmental, societal and regulatory responses to climate change risks that are still developing; however, as IFRS requires preparers to base the financial statements on current best estimates of future oil and gas prices, we concluded that Shell's assumptions were within a range of benchmarks that reflect the current best estimates of future oil and gas prices; and
- we reported that Shell's refining and chemical margin assumptions were in line with our internally developed range.

2) the reasonableness of Shell's forecast future carbon costs

- we concluded that Shell's carbon pricing methodology was appropriate. Also, we reported that, based on our benchmarking, Shell's forecasted carbon prices were materially in line with our independently determined ranges. For certain years where Shell's country specific carbon prices were outside of our independently determine range, we reported that applying our range would not result in an impairment trigger at the impacted assets.
- we reported that the increase in carbon costs included in the operating plan was primarily driven by a decrease in free allowances permitted by regulators in high carbon price jurisdictions.
- we reported the result of our sensitivity assessment to remove all in-plan decarbonisation projects for highly carbon intensive assets. The incremental carbon costs incurred by removing these projects would be materially offset by the project CAPEX and OPEX saved in the operating plan.

3a) the carbon intensity of Shell's Chemicals and Products, Upstream and Integrated Gas assets and associated products; and**3b) the material financial statements risk associated with the delivery of decarbonisation projects of Shell's assets to meet their climate-related targets and ambitions**

- for the assets that we assessed as highly carbon intensive, with decarbonisation projects we considered to be exposed to higher delivery risk, we reported that the headroom at each asset has would withstand the incremental carbon costs that would be incurred if these decarbonisation projects were to be removed from Shell's operating plan. We also reported that the assumptions relating to these projects were appropriately reflected in the operating plan;
- we reported that the impact of climate change and energy transition has been appropriately considered in Shell's financial statements and disclosures and that we did not identify any material inconsistencies between Shell's climate-related targets and ambitions and Shell's material financial statement judgement and estimates. This includes the expected financial impact of management's current planned actions to address the identified climate change risks. Where impairment assessments were performed, climate change factors had been reflected in these assessments throughout the field life of the asset.

4) the useful economic lives of assets beyond 2050 and the risk of material stranded assets

- we reported that, given Shell's climate-related targets and ambitions, there may be a higher risk of reserves not ultimately being produced where assets are carbon intensive or where assets are forecast to be producing beyond 2030. We analysed Shell's integrated Gas and Upstream assets and the Canadian mines to identify such assets. We then considered if there was evidence to indicate that net book value of these assets were overstated and would be regarded as "stranded assets". Of the SEC proved reserves currently recognised at the end of 2024, 52% are expected to be produced by 2030 and only an insignificant amount, 3% (<1% excluding oil sands that are held for sale) would be produced beyond 2050. As the impacted assets are mainly depreciated over SEC proved reserves, the current carrying amount of these assets will be substantially depreciated by 2050, with only around \$1.8 billion (\$1.2 billion excluding oil sands that are held for sale) will not have been depreciated;
- we reported that, based on the depreciation profile of Shells' refineries, that there was a low risk of stranded assets. Also, we concluded there was a low risk of Shell's chemicals manufacturing plants being stranded as chemical demand is expected to be resilient to energy transition, as highlighted by the IEA and other market commentators; and
- we reported that the recognition of reserves and resources beyond 2050 is not inconsistent Shell's NZE ambitions and that at the balance sheet date there was no indicator that these reserves should be derecognised and that the estimated carrying value of these assets in 2050 is not material.

5) whether physical risk considerations have been incorporated into the asset plans

- for the assets that we assessed as susceptible to higher physical risk, we reported that mitigation and adaptation plans and associated costs were reflected in the operating plan, other than where it had been demonstrated that assets were expected to withstand the physical events, for example severe weather events, or where insurance was in place. Also, we reported that, with the assistance of our climate change specialists, we had re-performed a physical risk assessment over Shell's assets and had not identified any new physical risks that had not been considered by Shell. The risks included extreme weather, flooding, higher temperatures, drought and water dredging.

Other observations

- with regards to the sensitivity analyses provided by Shell in Note 4 to the Consolidated Financial Statements, including commodity prices, carbon prices, refining and chemical margins and the discount rate, we were satisfied that the descriptions of the sensitivities reflected the sensitivities performed. Also, the prices and assumptions applied by Shell in their calculations were agreed to the scenarios as described. We re-performed the sensitivities and did not identify a material difference to the ranges disclosed by Shell in Note 4, including the illustrative disclosures on the impact of commodity prices averaged from three 1.5-2°C external climate change scenarios and from the IEA NZE50 scenario; and
- we reported that we had considered Shell's dividend resilience statement in Note 4. Had Shell applied the IEA NZE50 scenario, and had this impairment of \$26-\$34 billion directly reduced the carrying value of investments within the Parent Company, Shell plc, this would not have impacted the distributable reserves available to Shell from which to pay dividends and buyback shares in 2024. This is on the basis that Shell plc had a merger reserve of \$234 billion and under Companies Act 2006, the adverse impact from an impairment would be on the merger reserve as opposed to distributable reserves.

See the "Audit and Risk Committee Report" on pages 176-187 for details on how the Audit and Risk Committee reviewed climate change and energy transition. See "Our strategy" on pages 10-13 and "Energy transition strategy" on pages 77-92 for more details. Also, see Notes 2, 4, 12, 13, and 32 to the "Consolidated Financial Statements".

6. Our assessment of key audit matters continued

Estimation of oil and gas reserves

Description of the key audit matter

This is a forecast-based estimate. Oil and gas reserves estimates are used in the calculation of depreciation, depletion and amortisation (DD&A) and impairment testing. The risk is the inappropriate recognition of proved reserves that impacts these accounting estimates. Given the current environment, there may be a heightened risk of proved reserves with a high carbon intensity not ultimately being produced (also see climate change and energy transition key audit matter).

As described in Notes 12 and 14 to the Consolidated Financial Statements, at December 31, 2024, production assets amounted to \$102.2 billion and had an associated DD&A charge of \$15 billion. Joint ventures and associates (JVAs) amounted to \$23.4 billion. As further described in Note 13, exploration and production impairment losses of \$0.8 billion and exploration and production impairment reversals of \$74 million were recorded during the year.

The estimation of proved oil and gas reserves involves subjective judgements and determinations based on available geopolitical, technical, contractual, and economic information. Estimates can change over time because of new information from production or drilling activities, changes in economic factors, such as oil and gas prices, alterations in the regulatory policies of host governments, or other events. Downward adjustments could indicate lower future production volumes and could also lead to revised DD&A rates and to impairment of assets.

The estimation of oil and gas reserves and resources is a higher risk estimate given the significant judgement by management, including the use of management's specialists, when developing the estimates of proved crude oil, natural gas liquids and natural gas reserves volumes, which in turn led to a high degree of auditor judgement, subjectivity, and effort in performing procedures and evaluating audit evidence obtained related to the data, methods and assumption used by management and its specialists in developing the estimates of proved crude oil and natural gas reserves volumes.

The estimates are based on the Company's central group of experts' assessments of petroleum initially in place, production curves and certain other inputs, including prices, license expiration date, capex and opex. Estimation uncertainty is further elevated given the transition to a low-carbon economy, which increases the risk of under-utilised or stranded oil and gas assets.

Our response to the risk

We obtained an understanding of the controls over Shell's oil and gas reserves estimation process. We then evaluated the design of these controls and tested their operating effectiveness. For example, we tested management's review controls over changes to year-on-year estimated oil and gas reserves volumes.

We involved professionals with oil and gas reserves audit experience in evaluating the key assumptions and methodologies applied by management.

Our procedures included, amongst others:

- attended all of Shell's Upstream Reserves Committee meetings to observe the internal review and endorsement process. These meetings are part of Shell's proved reserves assurance process, which is described in Supplementary Information – Oil and gas section;
- evaluated the professional qualifications and objectivity of management's internal reservoir engineers who performed the detailed preparation of the reserve estimates and those who are primarily responsible for providing independent review and challenge, and ultimately endorsement of, the reserve estimates. This covered around 26 individuals involved in the process;
- evaluated management's estimation of the point at which the operating cash flow from a project becomes negative (the economic limit), as this impacts DD&A and impairment. Where relevant, we assessed whether the economic limit test incorporated Shell's estimate of future carbon costs to reflect the potential impact of climate change and the energy transition;
- assessed the completeness and accuracy of the inputs used by management in estimating the oil and gas reserves by agreeing the inputs to source documentation. This included obtaining an understanding of the non-financial information used by the specialists when estimating the reserves. We also performed procedures around the completeness and accuracy of this information;
- performed back-testing of historical data to identify indications of optimism bias over time;
- performed sensitivity analysis on the impact of changes in oil and gas reserves;
- verified significant additions to, or reductions in, proved reserves and that they have been recorded in the appropriate period, and that they are in compliance with Shell's reserves and resources guidance and SEC regulations. Our most experienced oil and gas team members, which included a reservoir engineer, reviewed the documentation and approvals of all changes greater than 30 mmbbl (eight fields);
- we focused our audit procedures on those assets that are currently forecast to be producing beyond 2050 and the carbon intensity of the post 2050 production from those fields to identify assets that are carbon intensive, where there may be a higher risk of the reserves not ultimately being produced. The purpose of performing such analysis was to identify assets that were at higher risk of the current net book value being overstated; and
- we also included unpredictability in our testing by selecting a field that did not meet our selection criteria.

Our procedures were led by the group engagement team, with input from our teams in Australia, Brazil, Nigeria, Poland, Qatar, UK and the USA.

Key observations communicated to the Shell Audit and Risk Committee

We reported to the Audit and Risk Committee in January 2025 that, there are no indications that the recognition of the reserve volumes beyond 2030 and 2050 results in any impairment triggers.

We reported to the Committee that the sensitivity analysis that we performed indicated that, at portfolio level with all other assumptions remaining unchanged, reserves would have to be misstated by 18% for DD&A to be misstated by a material amount (\$2 billion).

The inputs and assumptions used to estimate proved reserves and resources are consistent with Shell's policies and principles. We reported that the recognition of reserves and resources beyond 2050 is not inconsistent with Shell's NZE ambitions and that it remains appropriate to recognise these reserves. After the oil sands divestment, less than 1% of proved reserves are expected to be produced beyond 2050.

Please see key audit matter on the impact of climate change and the energy transition on the financial statements for details of our considerations on the carbon intensity associated with reserves expected to be produced beyond 2050.

See the "Audit and Risk Committee Report" on pages 176-187 for details on how the Audit and Risk Committee reviewed assurances for oil and gas reserves. Also, see Notes 2, 4 and 12 to the "Consolidated Financial Statements" and "Supplementary information – oil and gas (unaudited)".

6. Our assessment of key audit matters continued**Impairment assessment of Property, plant and equipment (PP&E) and Joint ventures and associates (JVA)****Description of the key audit matter**

This is a forecast-based estimate. The risk is that potential impairments are not identified on a timely basis, including whether the impacts of climate change and the energy transition have been considered in Shell's impairment trigger assessments (also see climate change and energy transition key audit matter).

As described in Notes 12, and 14 to the Consolidated Financial Statements, at December 31, 2024 Shell recognised \$102.2 billion of production assets, \$50.8 billion of manufacturing, supply and distribution assets (primarily refineries and petrochemical plants) and \$23.4 billion of joint ventures and associates (JVAs). As disclosed in Note 13 and 14, in 2024, Shell recognised \$1.3 billion and \$0.9 billion of impairment losses relating to manufacturing, supply and distribution assets and JVA's respectively.

The recoverable amount of PP&E and JVAs can be sensitive to small changes in key assumptions, which increases the risk of indicators of impairment or impairment reversal not being identified. Our audit effort has focused on the completeness and timely identification of indicators of impairment charges or impairment reversals.

Assumptions underpinning the impairment assessments include:

- changes in future oil and gas prices, in particular over the mid-to-long term, which are more uncertain than short term forecasts;
- changes in refining margin assumptions;
- expected production volumes;
- the assumed weighted average cost of capital (WACC) and asset-specific risks; and
- individual asset impairment assessments.

As described in Note 2, the most complex of these judgements relate to management's view on the long-term oil and gas price outlook. Forecasting future prices is inherently difficult, as it requires forecasts that reflect developments in demand such as global economic growth, technology efficiency, policy measures and, on the supply side, consideration of investment and resource potential, cost of development of new supply and behaviour of major resource holders. These judgements are particularly difficult because of increased demand uncertainty and pace of decarbonisation due to climate change and the energy transition.

Our response to the risk

We obtained an understanding of the controls over Shell's asset impairment process. We then evaluated the design of these controls and tested their operating effectiveness. For example, we tested the controls over management's identification of indicators of impairment and reversals of impairment and the approval of oil and gas prices and petrochemical and refining margins.

Our procedures included, amongst others:

Commodity price assumptions

- we have included observations on oil and gas prices in our key audit matter above on climate (The impact of climate change and the energy transition on the Consolidated Financial Statements).
- we involved our valuations specialists to assess the reasonableness of Shell's margin estimation methodologies and assumptions; and
- evaluated the reasonableness of Shell's refining margin assumptions by comparing these to independent market, consultant forecasts and independently determined ranges.

Oil and gas reserves

- we have included observations in our key audit matter above on oil and gas reserves (Estimation of oil and gas reserves).

Weighted average cost of capital (WACC)

- we involved our valuations specialists who reviewed Shell's WACC methodology and calculation. We independently assessed a range of reasonable input assumptions for calculating Shell's WACC; and
- assessed whether Shell's risking in their impairment assessments, through both a discount rate and individual asset cash flows, adequately reflects the appropriate level of risking for the asset.

6. Our assessment of key audit matters continued**Impairment assessment of Property, plant and equipment (PP&E) and Joint ventures and associates (JVA)** continued**Our response to the risk** continued**Individual asset assessments**

- evaluated Shell's assessment of impairment losses and impairment reversal triggers, including changes in the forecast commodity price assumptions, movements in oil and gas reserves, changes in asset performance, changes in Shell's operating plan assumptions, including those relating to Shell's climate-related targets and ambitions, and whether these are indicators of impairment or impairment reversal. We also considered whether potential disposals meet the held for sale criteria;
- separately from management, for material assets, we also assessed independently whether or not indicators of impairment or reversal triggers exist;
- where triggers were identified, we assessed the inputs to the impairment assessment by comparing forecasts to the operating plan and life of field plans, historical actuals and other independent expectations. We also performed a consistency check on the assumptions to other assumptions applied by the group such as commodity prices and WACC;
- tested the model integrity of material impairment assessments;
- evaluated the assumptions used in the preparation of the operating plan at a group, segment and asset level and compared the actual performance of assets to the forecasts made in the prior year;
- considered the existence of other contradictory evidence, such as the results of any comparable market transactions that could indicate a material increase or decrease in the recoverable amount of any of the assets, public comments or commitments made by Shell and whether these could impact the future potential value of any assets; and
- assessed potential operational changes that have or are expected to have a significant adverse effect on an asset, such as unplanned shutdowns, and whether they should be considered as impairment triggers.

The audit procedures were performed primarily by our group engagement team as well as our local audit teams in Australia, Canada, Nigeria, Poland, UK and USA.

Key observations communicated to the Shell Audit and Risk Committee

In January 2025, we reported to the Audit and Risk Committee that:

Commodity price assumptions

- See the key matter above on impact of climate change and the energy transition on the Consolidated Financial Statements.
- We reported to the Committee that Shell's refining and petrochemical margin assumptions were within EY's estimated reasonable range.

Oil and gas reserves

- See the key matter above on oil and gas reserves.

WACC

- Shell applied a post-tax WACC of 7.5% (2023: 7.5%) in all impairment assessments performed during the year, other than for the Power business, where a post-tax WACC of 6% (2023: 6%) has been used. Shell's methodology used in estimating the Group-wide WACC was consistent with the requirements set out in IAS 36. We also reported that while Shell's rate was marginally below our estimated range we were satisfied the difference was immaterial. Shell's commodity prices are at the conservative end of reasonable ranges, therefore we would expect the WACC assumption to also be at the bottom end of reasonable ranges. Shell's WACC was within the range with those adopted by peers.
- In addition to applying a discount rate to risk cash flows, Shell also applied asset-specific risks directly in their cash flows. We reported that our valuation specialists estimated an asset-specific discount rate (the WACC and additional cash flow risk) for the most significant impairment assessments performed and that the implicit discount rates were within our ranges.

Individual asset assessments

- We reported to the Committee that the outcomes of the individual impairment assessments were reasonable, including the timing of the assessments. We provided the Committee with our observations on asset impairment trigger assessments where we spent the most audit effort, which included assessments where no charge was deemed necessary. Our observations included areas such as held for sale classification, cash flow phasing, cash flow risk and alignment with the operating plan.
- We reported that there was adequate headroom supporting the goodwill within Upstream, Integrated Gas and Marketing and that there are no material goodwill impairment judgements relating to RE&S.

See the Audit and Risk Committee Report on page 176 for details on how the Audit and Risk Committee considered impairments. Also, see Notes 2, 4, 12, 13 and 14 to the Consolidated Financial Statements.

6. Our assessment of key audit matters continued**Accounting for complex transactions within Shell's Gas & Power Trading and Supply (T&S) function and the valuation of physical and financial derivatives****Description of the key audit matter**

The recognition of complex deals requires accounting and valuation judgement. There is a risk that an incorrect accounting judgement may be applied to complex contracts executed by Shell's Gas & Power T&S function (fair value or accrual accounting) and that for those contracts being fair valued, the valuation may not be in accordance with IFRS. Additionally, there is a higher inherent risk of rogue trading associated to Shell's wider portfolio of over-the-counter traded position.

As described in Note 26, Shell recognised derivative financial instrument assets of \$10 billion and derivative financial instrument liabilities of \$9.6 billion. As described in Note 7 of the Consolidated Financial Statements, at December 31, 2024 Shell recognised \$284 billion of revenue. A subset of the consolidated revenue relates to T&S transactions, where there is a risk of unrealised revenues being inappropriately recorded. Shell has identified trading in the risk factors section of the Strategic Report, which form part of the other information, rather than the audited financial statements.

Shell's trading and supply function is integrated within the Integrated Gas, Upstream, Marketing, Chemicals and Products, and Renewables and Energy Solutions segments. The function executes and settles both standard and non-standard complex trades. The IT environment supporting the function is complex and involves a large number of systems, resulting in a high degree of manual intervention being required.

Auditing complex trades is challenging due to the significant judgement needed to determine the appropriate accounting treatment and the key assumptions used in valuing the trades. Furthermore, trading often does not take place in active markets where prices are readily available, especially for longer-dated contracts. This increases the subjectivity in determining the pricing curve and volatility assumptions, which are essential inputs for valuing the trades and assessing unrealized gains and losses.

Rogue trading activity may occur on Shell's portfolio of over-the-counter positions because of trader incentives and the high volume of transactions that Shell executes.

Our response to the risk

We obtained an understanding of the controls over Shell's process for the recognition of revenue relating to unrealised trading gains and losses, including controls over management's complex deal accounting and valuations. We then evaluated the design of these controls and tested their operating effectiveness.

We involved audit professionals with experience auditing large commodity trading organisations. Our audit procedures focus on the appropriateness of the accounting treatment and the valuation of complex contracts.

To respond to the risk of inappropriate accounting for complex deals we:

- assessed the completeness of the list of complex deals;
- directly confirmed with the counterparty a sample of new or amended complex deals;
- obtained an understanding of the commercial rationale of complex deals by analysing transaction documents and agreements and through discussions with management.
- we performed an independent assessment of the accounting treatment of a sample of the complex deals, challenging management on contractual terms and previous accounting judgement;
- assessed the reasonableness of Shell's derivative valuation methodology by comparing it to market practice, analysing whether a consistent framework was applied and confirmed the consistency of inputs used in deal valuations and other assumptions;
- involved valuation specialists to assist us in performing independent testing of complex deals, checking that the appropriate valuation model has been applied. Our valuations were established using independent externally sourced inputs, where available;
- tested the forward pricing curve and volatility assumptions in management's valuation models, including comparing to external broker quotes, market consensus providers, and our independent assessments;
- recalculated the mark to market valuation including reserves if any, against validated forward pricing curves to ensure it is consistent with Shell's mark to market valuation;
- we specifically challenged management's accounting consideration of whether forward physical contracts to buy and sell LNG are in the scope of IFRS 9 and should be fair valued.

To respond to the risk of rogue trading activity, we:

- performed external confirmation procedures for the existence and completeness of recorded forward positions. Our tests included, among other procedures, requesting Shell's counterparties to confirm their entire position with Shell and asking counterparties to provide details of individual trades;
- performed additional procedures over the post year-end tradebook to identify material additions, deletions or amendments from the balance sheet date procedures and validating the impact on the balance sheet date;
- analysed material post-balance sheet date deal entries and cash receipts/disbursements to assess the completeness of the associated derivative recorded as of the balance sheet date; and
- performed testing of deals that were unconfirmed or excluded from the management's confirmation process at the balance sheet date. We obtained evidence of the trade's existence at the year-end and validating their exclusion respectively, for a sample of deals; and

The audit procedures were performed principally by the group engagement team and the UK and US component teams.

Key observations communicated to the Shell Audit and Risk Committee

In January 2025, we reported to the Audit and Risk Committee that:

- the valuation of complex and long-dated derivative contracts executed by the Gas & Power T&S function were materially correct and the related unrealised gains and losses have been recorded appropriately in the financial statements;
- we reported that Shell's key accounting judgments and the application of their accounting policies, including the accounting treatment of non-standard contractual terms, were consistent with the requirements set out in IFRS 9;
- we highlighted that the accounting judgement around LNG liquidity was a significant judgement. We stated that it is appropriate that Shell do not account for their LNG contracts as derivatives and therefore do not reflect these at fair value. This was based on Shell's net settlement history (there is no significant past practice of net settlement within Shell's LNG portfolio) and market liquidity (indicators do not demonstrate any increase in liquidity in 2024 mid/long term contracts continue to dominate the market); and
- we did not identify fictitious or omitted positions as of the balance sheet date.

See the "Audit and Risk Committee Report" on pages 176-187 for details on how the Audit and Risk Committee reviewed the Trading and Supply's control framework. Also see Note 26 to the "Consolidated Financial Statements".

There were no changes from the prior year as to the Key Audit Matters included in our auditor's report.

7. Our application of materiality

We apply the concept of materiality both in planning and performing the audit and in evaluating the effect of identified misstatements on our audit and in forming our audit opinion.

Overall materiality

What we mean

We define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our procedures.

Level set

Group materiality

We set our preliminary overall materiality for Shell's Consolidated Financial Statements at \$2.0 billion (2023: \$2.0 billion). We kept this under review throughout the year and reassessed the appropriateness of our original assessment in the light of Shell's results and external market conditions. We did not find it necessary to revise our level of overall materiality.

Parent Company materiality

We determined materiality for the Parent Company to be \$2.0 billion (2023: \$2.0 billion), which is 0.8% of equity (2023: 0.7%). We concluded that equity remains an appropriate basis to determine materiality for an investment holding company. The range we normally apply when determining materiality on an equity measurement basis is 1- 2%. We applied a lower percentage to align the materiality of the Parent Company with that of the Group.

Our basis of determining materiality

Our assessment of overall materiality that we applied throughout the year was \$2.0 billion, which represented 4.3% (2023: 4.7%) of the three-year normalised Adjusted Earnings pre-tax (see table below). Our approach is the same as that applied in 2023.

Where we measure materiality on a pre-tax earnings basis, we normally apply 5% of the measure. Applying this to the three-year normalised Adjusted pre-tax earnings would indicate materiality of \$2.3 billion. In deciding on an appropriate planning materiality to apply in the Shell audit, we judgementsally selected \$2.0 billion which is consistent with our planning materiality applied in our 2023 audit.

Our materiality was derived from an average of Shell's earnings for 2022-2024, including an initial estimate of the 2024 result, on an Adjusted Earnings basis, which we then adjusted for an average effective tax rate. At the end of the year, we reassessed materiality based on the actual results for 2024. As disclosed within Non-GAAP measures reconciliations within Additional Information, the "Adjusted Earnings" measure aims to facilitate a comparative understanding of Shell's financial performance from period to period by removing the effects of oil price changes on inventory carrying amounts and removing the effects of non-recurring gains and charges disclosed as identified items. Shell's identified items are disclosed within Additional Information, Non-GAAP measures reconciliations, in the section Identified items.

Our key criterion in determining materiality remains our perception of the needs of Shell's stakeholders. We consider which earnings, activity or capital-based measure aligns best with their expectations. In so doing, we apply a 'reasonable investor perspective', which reflects our understanding of the common financial information needs of the members of Shell as a group.

In our view these needs are best met by basing materiality on normalised Adjusted Earnings on a pre-tax basis. Through applying a normalised earnings approach, large year-on-year swings in materiality are minimised. These swings would be driven primarily by price fluctuations rather than specific structural changes to Shell's business. In addition, an Adjusted Earnings approach is consistent with the presentation of Shell's segment earnings, which is the earnings measure used by the CEO for the purposes of making decisions about allocating resources and assessing performance.

We have considered alternative benchmarks to Adjusted Earnings, including profit before taxation and EBITDA. These indicate a range of \$1.45 billion to \$2.1 billion.

By applying a normalised Adjusted Earnings approach, we have concluded that it is appropriate to apply a materiality of \$2.0 billion (2023: \$2.0 billion).

The Adjusted Earnings were as follows:

\$ billion	2024	2023	2022
Adjusted Earnings*	23.7	28.2	39.9
Tax impact based on the average effective tax rate	15.0	13.7	18.5
Adjusted Earnings pre-tax	38.7	41.9	58.4
Materiality percentage on the average Adjusted Earnings pre-tax - 2022-2024	4.3%		

* Non-GAAP measure (see page 445).

7. Our application of materiality continued

Performance materiality
What we mean Having established overall materiality, we determined 'performance materiality', which represents our tolerance for misstatement in an individual account. It is calculated as a percentage of overall materiality in order to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceed overall materiality of \$2.0 billion for Shell's financial statements as a whole. We assigned performance materiality to our various in-scope operating units. The performance materiality allocation is dependent on the size of the operating unit, measured by its contribution of earnings to Shell, or other appropriate metric, and the risk associated with the operating unit. Level set In our assessment for 2024, we considered the nature, number and impact of the audit differences identified in 2023 and the Group's overall control environment. Based on our assessment of these factors, our judgement was that performance materiality for the 2024 audit should be 75% (2023: 75%) of our overall materiality or \$1.5 billion (2023: \$1.5 billion). The level of materiality that we applied in undertaking our audit work at the operating unit level, for the purpose of responding to the assessed risks of material misstatement of the Consolidated Financial Statements, was determined by applying a percentage of our total performance materiality. This percentage is based on the relative scale and risk of the operating unit to Shell as a whole and our assessment of the risk of material misstatement at that operating unit. In 2024 the range of materiality applied at the operating unit level was \$220 million to \$970 million (2023: \$225 million to \$975 million). The performance materiality was kept under ongoing review, but the conclusion remained unchanged at our year-end re-assessment of materiality.
Audit difference reporting threshold
What we mean This is the amount below which identified misstatements are clearly trivial. The threshold is the level above which we collate and report audit differences to the Audit and Risk Committee. We also report differences below that threshold that, in our view, warrant reporting on qualitative grounds. We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in the light of other relevant qualitative considerations in forming our opinion. Level set We agreed with the Audit and Risk Committee that we would report to the Committee all audit differences more than \$100 million (2023: \$100 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. This represents 5% of our planning materiality (2023: 5%).

8. Our scope of the audit of Shell's financial statements

What we mean

We are required to establish an overall audit strategy that sets the scope, timing, and direction of our audit. Audit scope comprises the physical locations, operating units, activities, and processes to be audited that, in aggregate, are expected to provide sufficient coverage of the financial statements for us to express an audit opinion.

In the current year our audit scoping has been updated to reflect the new requirements of ISA (UK) 600 (Revised). We have followed a risk-based approach when developing our audit approach to obtain sufficient appropriate audit evidence on which to base our audit opinion. We performed risk assessment procedures, with input from our component auditors, to identify and assess risks of material misstatement of the Group financial statements and identified significant accounts and disclosures.

Criteria for determining our audit scope and selection of in-scope operating units

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determined our audit scope for each operating unit within Shell which, when taken together, enabled us to form an opinion on the consolidated financial statements. Our audit effort was focused towards higher risk areas, such as management judgements and on operating units that we considered significant based upon size, complexity or risk.

We assessed our 2024 audit scope following the completion of our 2023 audit. We identified those Areas of Operation (AoOs or operating units) that were significant by virtue of their contribution to Shell's results or significant by virtue of their associated risk or complexity. In identifying the AoOs where we would perform audit procedures, we considered our understanding of Shell and its operating environment, the potential impact of climate change on the AoO, the group's system of internal control at the entity level, centralised processes and IT applications. We also considered the history or expectation of unusual or complex transactions, potential for material misstatements, the previous effectiveness of controls, our fraud assessment and internal audit findings. We then considered the adequacy of account coverage and remaining audit risk of AoOs not directly covered by audit procedures. Finally, we assessed the appropriateness of our audit scope by comparing to the prior year; ensured that there was sufficient unpredictability in our scope and made the necessary changes where appropriate. We applied our Risk Scan analytics techniques, which consolidate internal and external data to inform us on higher risk components to be included in scope. This allowed us to risk rate the group's operating units. We identified 87 operating units where we believed that it was appropriate to carry out targeted testing.

By following this approach, our audit effort focused on higher risk areas, such as management judgements. Our group wide procedures enabled us to obtain audit evidence over the AoOs that were not full, specific or specified procedure scope.

We did not make substantial changes to our 2023 assessment of the components where we performed audit procedures. Also, there were no significant changes to the number of IT applications we tested.

We determined that certain centralised audit procedures could be performed in the following audit areas: the impact of climate change and the energy transition; estimation of oil and gas reserves; impairment assessment of property plant and equipment (PP&E) and joint ventures and associates (JVAs); and accounting for complex transactions within Shell's Gas and Power trading and supply function and the valuation of physical and financial derivatives.

We identified 23 components as individually relevant to the Group due to significant risk or an area of higher assessed risk of material misstatement of the group financial statements being associated with the components.

For those individually relevant components, we identified the significant accounts where audit work was required to be performed at these components by applying professional judgement. This was done having considered the significant accounts on which centralised procedures will be performed, the reasons for identifying the financial reporting component as an individually relevant component and the size of the component's account balance relative to the group significant financial statement account balance.

We considered whether the remaining group significant account balances not yet subject to audit procedures, in aggregate, could give rise to a risk of material misstatement of the group financial statements. No additional components of the group were included in our audit scope to address these risks.

Having identified the components for which work will be performed, we determined the scope to assign to each component.

Our scoping to address the risk of material misstatement for each key audit matter is set out in the Key audit matters section of our report.

We kept our audit scope under review throughout the year to reflect changes in Shell's underlying business and risks; however, no significant changes were required.

The table below illustrates the scope of work performed by our audit teams:

Operating units	2024	2023	No. of countries	Basis of inclusion	Extent of procedures
Full scope	7	7	6	Size and significant risk	Complete financial information
Specific scope	49	34	15	Significant risk or higher risk estimates	Individual account balances
Specified procedures ¹	31	53	14	Other risk factors	Individual transactions or processes
Other procedures	893	818	103	Residual risk of error	Supplementary audit procedures ²
Total	980	912			

¹ These procedures were performed by components and at the group level, to address specified risks of the audit or for audit coverage purposes.

² We performed supplementary audit procedures in relation to Shell's centralised group accounting and reporting processes. These included, but were not limited to, addressing the implications of significant and complex accounting matters across all operating units, procedures over revenue to cash process analytics, review of impairment or impairment reversal indicators by segments, procedures over the forecasts as they relate to deferred tax asset recoverability and review of pension scheme assumptions, procedures over unusual accounting transactions including trading mark-to-market valuations, acquisitions, divestments and redundancies, addressing the appropriate elimination of intercompany balances and the completeness of provisions for litigation and other claims, including those related to non-compliance with laws and regulations. We performed testing of both manual and consolidation journal entries throughout the year, homogenous processes, and controls at the Business Service Centres (BSCs) and testing of group wide IT systems. We performed a disaggregated analytical review on each financial statement line item and also tested Shell's analytical procedures performed at a group, segment and function level.

8. Our scope of the audit of Shell's financial statements continued

Group evaluation, review and oversight of component teams

The group engagement partner and Senior Statutory Auditor, Gary Donald, has overall responsibility for the direction, supervision and performance of the Shell audit engagement in compliance with professional standards and applicable legal and regulatory requirements. He is supported by segment and function partners and, who together with related staff, comprise the integrated group engagement team. This group engagement team established the overall group audit strategy, communicated with component auditors, performed work on the consolidation process, and evaluated the conclusions drawn from the audit evidence as the basis for forming EY's opinion on the group financial statements.

The group engagement team is responsible for directing, supervising, evaluating and reviewing the work of EY global network firms operating under their instruction (local EY teams) to assess whether:

- the local EY audit team had the appropriate level of experience;
- the work was performed and documented to a sufficiently high standard;
- the local EY audit team demonstrated that they had challenged management sufficiently and had executed their audit procedures with an appropriate level of scepticism; and
- there is sufficient appropriate audit evidence to support the conclusions reached.

Members of the group engagement team provide direct oversight, review, and coordination of our BSC audit teams. Our BSC teams performed centralised testing in the BSCs for certain accounts, including revenue, cash and payroll. In establishing our overall approach to the group audit, we determined the type of work that needed to be undertaken at each of the operating units or BSCs by the group engagement team or by auditors from other local EY teams.

For the operating units where the work was performed by local EY auditors, we determined the appropriate level of involvement of the group engagement team to enable us to conclude that sufficient appropriate audit evidence had been obtained, as a basis for our opinion on the Group as a whole.

The group engagement team provided detailed instructions to our component teams to drive the audit strategy and execution in a coordinated manner. Group audit partners physically visited Australia, Brazil, India, Philippines Poland, Singapore and the USA, covering operating units, functions and BSCs. Our visits covered all of the T&S component teams and Shell's trading locations. The Senior Statutory Auditor physically visited Australia, India, Poland, Singapore and the USA.

During our visits, we exercised direction, supervision, oversight and review of our overseas EY audit teams. We were satisfied that we have had adequate involvement in their work and that we exercised sufficient and appropriate direction to the component teams.

The group engagement team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed relevant working papers, as well as holding formal closing meetings and were responsible for the scope and direction of the audit process. Where relevant, the section on key audit matters details the level of involvement we had with component auditors to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole.

This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

9. Other information

The other information comprises the information included in the Annual Report including the Introduction, Strategic Report, Governance, Supplementary Information – oil and gas (unaudited), Sustainability Statements and Additional Information sections, other than the consolidated financial statements and parent company financial statements and our auditor's report thereon. The Directors are 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.

10. Opinions on Other matters prescribed by the Companies Act 2006

In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

11. Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

12. Corporate Governance Statement

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to **the appropriateness of adopting the going concern basis of accounting** and any material uncertainties identified set out in the "Other regulatory and statutory information" section;
- Directors' explanation as to its **assessment of the company's prospects**, the period this assessment covers and why the period is appropriate set out in the "Other regulatory and statutory information" section;
- Director's statement on whether it has a reasonable expectation that the group will be able to continue in operation and meets its liabilities set out in the "Other regulatory and statutory information" section;
- Directors' statement on **fair, balanced and understandable** set out in the "Other regulatory and statutory information" section;
- Board's confirmation that it has carried out a **robust assessment of the emerging and principal risks** set out in the "Other regulatory and statutory information" section;
- The section of the annual report that describes the **review of effectiveness of risk management and internal control systems** set out in the "Other regulatory and statutory information" section; and;
- The section describing **the work of the audit and risk committee** set out in the "Other regulatory and statutory information" section.

13. Responsibilities of the Directors'

As explained more fully in the statement of Directors' responsibilities set out in the "Other regulatory and statutory information" section, the Directors are 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 Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing Shell and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate Shell or the Parent Company or to cease operations, or have no realistic alternative but to do so.

14. 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 ISA (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.

15. Explanation as to what extent our audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud.

The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- we obtained an understanding of the legal and regulatory frameworks that are applicable to Shell and determined that the most significant are those that relate to the reporting framework (UK adopted international accounting standards, IFRS as issued by the IASB, Companies Act 2006, the UK Corporate Governance Code, the US Securities Exchange Act of 1934 and the Listing Rules of the UK Listing Authority) and the relevant tax compliance regulations in the jurisdictions in which Shell operates. In addition, we concluded that there are certain significant laws and regulations that may have an effect on the determination of the amounts and disclosures in the financial statements and those laws and regulations relating to health and safety, employee matters, environmental, and bribery and corruption practices.

15. Explanation as to what extent our audit was considered capable of detecting irregularities, including fraud continued

- we understood how Shell is complying with those frameworks by making enquiries of management, internal audit, and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of Board minutes, papers provided to the Audit and Risk Committee and correspondence received from regulatory bodies and noted that there was no contradictory evidence.
- we assessed the susceptibility of Shell's financial statements to material misstatement, including how fraud might occur, by embedding forensic specialists into our group engagement team. Our forensic specialists worked with the group engagement team to identify the fraud risks across various parts of the business. In addition, we utilised internal and external information to perform a fraud risk assessment for each of the countries of operation. We considered the risk of fraud through management override and, in response, we incorporated data analytics across manual journal entries into our audit approach. We also considered the possibility of fraudulent or corrupt payments made through third parties, gaining a detailed understanding of the Company's monitoring and compliance activities related to vendor screening and due diligence. Where deemed appropriate we conducted analytical testing on third party vendors in high-risk jurisdictions. We utilised a suite of digital tools in our assessment of fraud and management override including technology that seeks to verify the authenticity of key documents. We also conducted specific audit procedures in relation to the risk of bribery, corruption and sanctions compliance across various countries of operation determined on a risk-based approach.
- based on the results of our risk assessment we designed our audit procedures to identify non-compliance with such laws and regulations identified above. Our procedures involved journal entry testing, with a focus on journals meeting our defined risk criteria based on our understanding of the business; enquiries of legal counsel, group management, internal audit and all full and specific scope management; review of the volume and nature of complaints received by the whistleblowing hotline during the year; review of internal audit reports issued during the year; review of news releases published by external parties; and
- if any instances of non-compliance with laws and regulations were identified, these were communicated to the group engagement team and the relevant local EY teams who performed sufficient and appropriate audit procedures, supplemented by audit procedures performed at the group level.

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

16. Other matters we are required to address

Following the recommendation of the Audit and Risk Committee, we were re-appointed by Shell plc's Annual General Meeting (AGM) on May 21, 2024, as auditors of Shell to hold office until the conclusion of the next AGM of the Company, and signed an engagement letter and addendum to the engagement signed on January 17, 2024 and July 30, 2024 respectively. Our total uninterrupted period of engagement is nine years covering periods from our appointment through to the period ending December 31, 2024.

Our audit opinion is consistent with our additional report to the Audit and Risk Committee explaining the results of our audit.

17. Use of our report

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

/s/ Gary Donald (Senior Statutory Auditor)

Gary Donald

Senior Statutory Auditor
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
March 25, 2025

Consolidated Financial Statements

241	Consolidated Statement of Income
241	Consolidated Statement of Comprehensive Income
242	Consolidated Balance Sheet
243	Consolidated Statement of Changes in Equity
244	Consolidated Statement of Cash Flows
245	Notes to the Consolidated Financial Statements
245	Note 1 Basis of preparation
245	Note 2 Material accounting policies, judgements and estimates
255	Note 3 Changes to IFRS not yet adopted
255	Note 4 Climate change and energy transition
266	Note 5 Emission schemes and related environmental plans
268	Note 6 Capital management
268	Note 7 Segment information
273	Note 8 Revenue
274	Note 9 Interest and other income
274	Note 10 Interest expense
274	Note 11 Goodwill and other intangible assets
275	Note 12 Property, plant and equipment
277	Note 13 Impairment of property, plant and equipment, goodwill and other intangible assets
280	Note 14 Joint ventures and associates
281	Note 15 Investments in securities
282	Note 16 Trade and other receivables
282	Note 17 Inventories
283	Note 18 Cash and cash equivalents
283	Note 19 Assets held for sale
283	Note 20 Trade and other payables
284	Note 21 Debt
286	Note 22 Leases
287	Note 23 Taxation
290	Note 24 Retirement benefits
297	Note 25 Decommissioning and other provisions
298	Note 26 Financial instruments
305	Note 27 Share capital
305	Note 28 Share-based compensation plans and shares held in trust
306	Note 29 Other reserves
308	Note 30 Dividends
308	Note 31 Earnings per share
308	Note 32 Legal proceedings and other contingencies
311	Note 33 Employees
311	Note 34 Directors and Senior Management
312	Note 35 Auditor's remuneration
312	Note 36 Post-balance sheet events

Consolidated Statement of Income
for the year ended December 31, 2024

		\$ million		
	Notes	2024	2023	2022
Revenue	8	284,312	316,620	381,314
Share of profit of joint ventures and associates	14	2,993	3,725	3,972
Interest and other income	9	1,724	2,838	915
Total revenue and other income		289,029	323,183	386,201
Purchases		188,120	212,883	258,488
Production and manufacturing expenses	7	23,379	25,240	25,518
Selling, distribution and administrative expenses	7	12,439	13,433	12,883
Research and development	7	1,099	1,287	1,075
Exploration	7	2,411	1,750	1,712
Depreciation, depletion and amortisation	7	26,872	31,290	18,529
Interest expense	10	4,787	4,673	3,181
Total expenditure		259,107	290,556	321,386
Income before taxation		29,922	32,627	64,815
Taxation charge	23	13,401	12,991	21,941
Income for the period	7	16,521	19,636	42,874
Income attributable to non-controlling interest	7	427	277	565
Income attributable to Shell plc shareholders	7	16,094	19,359	42,309
Basic earnings per share (\$)	31	2.55	2.88	5.76
Diluted earnings per share (\$)	31	2.53	2.85	5.71

Consolidated Statement of Comprehensive Income
for the year ended December 31, 2024

		\$ million		
	Notes	2024	2023	2022
Income for the period	7	16,521	19,636	42,874
Other comprehensive income/(loss) net of tax				
Items that may be reclassified to income in later periods:				
Currency translation differences	29	(3,248)	1,397	(2,986)
Debt instruments remeasurements	29	5	41	(78)
Cash flow hedging gains/(losses)	29	216	71	(232)
Net investment hedging (losses)/gains	29	–	(44)	180
Deferred cost of hedging	29	(73)	(148)	200
Share of other comprehensive (loss)/income of joint ventures and associates	14	(118)	18	274
Total		(3,218)	1,335	(2,642)
Items that are not reclassified to income in later periods:				
Retirement benefits remeasurements	29	1,407	(1,083)	5,466
Equity instruments remeasurements	29	28	(99)	(491)
Share of other comprehensive income/(loss) of joint ventures and associates	14	47	(201)	(253)
Total		1,482	(1,383)	4,722
Other comprehensive (loss)/income for the period		(1,736)	(48)	2,080
Comprehensive income for the period		14,785	19,588	44,954
Comprehensive income attributable to non-controlling interest		406	312	621
Comprehensive income attributable to Shell plc shareholders		14,379	19,276	44,333

Consolidated Balance Sheet
as at December 31, 2024

		\$ million	
	Notes	Dec 31, 2024	Dec 31, 2023
Assets			
Non-current assets			
Goodwill	11	16,032	16,660
Other intangible assets	11	9,480	10,253
Property, plant and equipment	12	185,219	194,835
Joint ventures and associates	14	23,445	24,457
Investments in securities	15	2,255	3,246
Deferred tax	23	6,857	6,454
Retirement benefits	24	10,003	9,151
Trade and other receivables	16	6,018	6,298
Derivative financial instruments	26	374	801
		259,683	272,155
Current assets			
Inventories	17	23,426	26,019
Trade and other receivables	16	45,860	53,273
Derivative financial instruments	26	9,673	15,098
Cash and cash equivalents	18	39,110	38,774
		118,069	133,164
Assets classified as held for sale	19	9,857	951
		127,926	134,115
Total assets		387,609	406,270
Liabilities			
Non-current liabilities			
Debt	21	65,448	71,610
Trade and other payables	20	3,290	3,103
Derivative financial instruments	26	2,185	2,301
Deferred tax	23	13,505	15,347
Retirement benefits	24	6,752	7,549
Decommissioning and other provisions	25	21,227	22,531
		112,407	122,441
Current liabilities			
Debt	21	11,630	9,931
Trade and other payables	20	60,693	68,237
Derivative financial instruments	26	7,391	9,529
Income taxes payable	23	4,648	3,422
Decommissioning and other provisions	25	4,469	4,041
		88,831	95,160
Liabilities directly associated with assets classified as held for sale	19	6,203	307
		95,034	95,467
Total liabilities		207,441	217,908
Equity			
Share capital	27	510	544
Shares held in trust		(803)	(997)
Other reserves	29	19,766	21,145
Retained earnings		158,834	165,915
Equity attributable to Shell plc shareholders		178,307	186,607
Non-controlling interest		1,861	1,755
Total equity		180,168	188,362
Total liabilities and equity		387,609	406,270

Signed on behalf of the Board

/s/ Sinead Gorman

Sinead Gorman
 Chief Financial Officer
 March 25, 2025

**Consolidated Statement of Changes in Equity
for the year ended December 31, 2024**

\$ million

	Equity attributable to Shell plc shareholders					Non-controlling interest	Total equity
	Share capital (see Note 27)	Shares held in trust	Other reserves (see Note 29)	Retained earnings	Total		
At January 1, 2024	544	(997)	21,145	165,915	186,607	1,755	188,362
Comprehensive income for the period	—	—	(1,715)	16,094	14,379	406	14,785
Transfer from other comprehensive income	—	—	193	(193)	—	—	—
Dividends (see Note 30) [A]	—	—	—	(8,668)	(8,668)	(308)	(8,976)
Repurchases of shares [B]	(34)	—	34	(14,057)	(14,057)	—	(14,057)
Share-based compensation	—	194	109	(354)	(51)	—	(51)
Other changes	—	—	—	97	97	8	105
At December 31, 2024	510	(803)	19,766	158,834	178,307	1,861	180,168
At January 1, 2023	584	(726)	21,132	169,482	190,472	2,125	192,597
Comprehensive income for the period	—	—	(83)	19,359	19,276	312	19,588
Transfer from other comprehensive income	—	—	(112)	112	—	—	—
Dividends (see Note 30) [A]	—	—	—	(8,389)	(8,389)	(764)	(9,153)
Repurchases of shares	(40)	—	40	(14,571)	(14,571)	—	(14,571)
Share-based compensation	—	(271)	168	(85)	(188)	—	(188)
Other changes	—	—	—	7	7	82	89
December 31, 2023	544	(997)	21,145	165,915	186,607	1,755	188,362
At January 1, 2022	641	(610)	18,909	153,026	171,966	3,360	175,326
Comprehensive income for the period	—	—	2,024	42,309	44,333	621	44,954
Transfer from other comprehensive income	—	—	(34)	34	—	—	—
Dividends (see Note 30) [A]	—	—	—	(7,283)	(7,283)	(206)	(7,489)
Repurchases of shares	(57)	—	57	(18,547)	(18,547)	—	(18,547)
Share-based compensation	—	(116)	176	131	191	—	191
Other changes	—	—	—	(188)	(188)	(1,650)	(1,838)
At December 31, 2022	584	(726)	21,132	169,482	190,472	2,125	192,597

[A] The amount charged to retained earnings is based on prevailing exchange rates on the payment date.

[B] Includes shares committed to repurchase under irrevocable contracts and repurchases subject to settlement at the end of the year. (See Note 27).

Consolidated Statement of Cash Flows
for the year ended December 31, 2024

		\$ million		
	Notes	2024	2023	2022
Income before taxation for the period		29,922	32,627	64,815
Adjustment for:				
Interest expense (net)		2,415	2,360	2,135
Depreciation, depletion and amortisation		26,872	31,290	18,529
Exploration well write-offs	12	1,622	868	881
Net losses/(gains) on sale and revaluation of non-current assets and businesses		288	(246)	(642)
Share of profit of joint ventures and associates		(2,993)	(3,725)	(3,972)
Dividends received from joint ventures and associates		3,632	3,674	4,398
Decrease/(increase) in inventories		1,273	6,325	(8,360)
Decrease/(increase) in current receivables		6,578	12,401	(8,989)
(Decrease)/increase in current payables [A]		(5,789)	(11,581)	12,329
Derivative financial instruments		2,484	(5,723)	(2,619)
Retirement benefits		(326)	(37)	417
Decommissioning and other provisions [A]		(828)	220	(379)
Other		1,539	(550)	2,991
Tax paid		(12,002)	(13,712)	(13,120)
Cash flow from operating activities		54,687	54,191	68,414
Cash capital expenditure		(21,085)	(24,392)	(24,833)
Capital expenditure	7	(19,601)	(22,993)	(22,600)
Investments in joint ventures and associates	7	(1,404)	(1,202)	(1,973)
Investments in equity securities	7	(80)	(197)	(260)
Proceeds from sale of property, plant and equipment and businesses		1,621	2,565	1,431
Proceeds from joint ventures and associates from sale, capital reduction and repayment of long-term loans		590	474	511
Proceeds from sale of equity securities		582	51	117
Interest received		2,399	2,124	906
Other investing cash inflows		4,576	4,269	2,060
Other investing cash outflows		(3,838)	(2,825)	(2,640)
Cash flow from investing activities		(15,155)	(17,734)	(22,448)
Net (decrease)/increase in debt with maturity period within three months		(310)	(211)	318
Other debt:				
New borrowings		363	1,029	269
Repayments		(9,672)	(10,650)	(8,459)
Interest paid		(4,557)	(4,441)	(3,677)
Derivative financial instruments		(594)	723	(1,799)
Change in non-controlling interest		(15)	(22)	(1,965)
Cash dividends paid to:				
Shell plc shareholders		(8,668)	(8,393)	(7,405)
Non-controlling interest		(295)	(764)	(206)
Repurchases of shares		(13,898)	(14,617)	(18,437)
Shares held in trust: net purchases and dividends received		(789)	(889)	(593)
Cash flow from financing activities		(38,435)	(38,235)	(41,954)
Effects of exchange rate changes on cash and cash equivalents		(761)	306	(736)
(Decrease)/increase in cash and cash equivalents		336	(1,472)	3,276
Cash and cash equivalents at beginning of year		38,774	40,246	36,970
Cash and cash equivalents at end of year	18	39,110	38,774	40,246

[A] To further enhance consistency between working capital in the Balance Sheet and the Statement of Cash Flows, from January 1, 2024, onwards movements in current other provisions are recognised in 'Decommissioning and other provisions' instead of '(Decrease)/increase in current payables'. Comparatives have been reclassified accordingly for 2023 by \$693 million and for 2022 by \$414 million to conform with current year presentation.

Notes to the Consolidated Financial Statements

1. Basis of preparation

The Consolidated Financial Statements of Shell plc (the "Company") and its subsidiaries (collectively referred to as "Shell") have been prepared in accordance with UK-adopted international accounting standards and with the requirements of the UK Companies Act 2006 as applicable to companies reporting under those standards. As applied to Shell, there are no material differences from the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB); therefore, the Consolidated Financial Statements have been prepared in accordance with the IFRS as issued by the IASB.

As described in the accounting policies in Note 2, the Consolidated Financial Statements have been prepared under the historical cost convention except for certain items measured at fair value. Those accounting policies have been applied consistently in all periods.

The Consolidated Financial Statements were approved and authorised for issue by the Board of Directors on March 25, 2025.

Going concern

These Consolidated Financial Statements have been prepared on the going concern basis of accounting. In assessing the appropriateness of the going concern assumption over the period to June 30, 2026 (the "going concern period"), management has stress-tested Shell's most recent financial projections to incorporate a range of potential future outcomes by considering Shell's principal risks, potential downside pressures on commodity prices and long-term demand, and cash preservation measures, including reduced future cash capital expenditure and shareholder distributions. This assessment confirmed that Shell has adequate cash, other liquid resources and undrawn credit facilities to enable it to meet its obligations as they fall due in order to continue its operations during the going concern period. Therefore, the Directors consider it appropriate to continue to adopt the going concern basis of accounting in preparing the audited Consolidated Financial Statements.

2. Material accounting policies, judgements and estimates

This Note describes Shell's material accounting policies. It allows for an understanding as to how material transactions, other events and conditions are reported. It also describes: (a) judgements, apart from those involving estimations, that management makes in applying the policies that have the most significant effect on the amounts recognised in the Consolidated Financial Statements; and (b) estimations, including assumptions about the future, that management makes in applying the policies. The sources of estimation uncertainty that have a significant risk of a material adjustment to the carrying amounts of assets and liabilities within the next financial year are specifically identified as a significant estimate.

The accounting policies applied are consistent with those of the previous financial year.

Nature of the Consolidated Financial Statements

The Consolidated Financial Statements are presented in US dollars (dollars) and comprise the financial statements of the Company and its subsidiaries, being those entities over which the Company has control, either directly or indirectly, through exposure or rights to their variable returns and the ability to affect those returns through its power over the entities. Information about subsidiaries at December 31, 2024, can be found in "Appendix 1: Significant subsidiaries and other related undertakings (audited)".

2. Material accounting policies, judgements and estimates continued

Subsidiaries are consolidated from the date on which control is obtained until the date that such control ceases, using consistent accounting policies. All inter-company balances and transactions, including unrealised profits arising from such transactions, are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Non-controlling interest represents the proportion of income, other comprehensive income and net assets in subsidiaries that is not attributable to the Company's shareholders.

Currency translation

Foreign currency transactions are translated using the exchange rate at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at quarter-end exchange rates of monetary assets and liabilities denominated in foreign currencies (including those in respect of inter-company balances, unless related to loans of a long-term investment nature) are recognised in income unless when recognised in other comprehensive income in respect of cash flow or net investment hedges. Foreign exchange gains and losses in income are presented within interest and other income or within purchases where not related to financing. Share capital issued in currencies other than the dollar is translated at the exchange rate at the date of issue.

On consolidation, assets and liabilities of non-dollar entities are translated to dollars at year-end rates of exchange, while their statements of income, other comprehensive income and cash flows are translated at monthly average rates. Prior to January 1, 2023, these currency translations were performed at quarterly average rates. This change has no significant impact on Shell's financial reporting. The resulting translation differences are recognised as currency translation differences within other comprehensive income. Upon sale of all or part of an interest in, or upon liquidation of, an entity, the appropriate portion of cumulative currency translation differences related to that entity is generally recognised in income.

Revenue recognition

Revenue from sales of oil, natural gas, chemicals and other products is recognised at the transaction price to which Shell expects to be entitled, after deducting sales taxes, excise duties and similar levies. For contracts that contain separate performance obligations, the transaction price is allocated to those separate performance obligations by reference to their relative stand-alone selling prices.

Revenue is recognised when control of the products has been transferred to the customer. For sales by Integrated Gas and Upstream operations, this generally occurs when the product is physically transferred into a vessel, pipe or other delivery mechanism; for sales by refining operations, it is either when the product is placed onboard a vessel or offloaded from the vessel, depending on the contractually agreed terms; and for sales of oil products and chemicals, it is either at the point of delivery or the point of receipt, depending on contractual conditions.

Revenue resulting from hydrocarbon production from properties in which Shell has an interest with partners in joint arrangements is recognised on the basis of Shell's volumes lifted and sold. Revenue resulting from the production of oil and natural gas under production-sharing contracts (PSCs) is recognised for those amounts relating to Shell's cost recoveries and Shell's share of the remaining production. Gains and losses on derivative contracts and the revenue and costs associated with other contracts that are classified as held primarily for the purpose of being traded are reported on a net basis in the Consolidated Statement of Income. Purchases and sales of hydrocarbons under exchange contracts that are necessary to obtain or reposition feedstocks for the refinery operations are presented net in the Consolidated Statement of Income.

Revenue resulting from arrangements that are not considered contracts with customers is presented as revenue from other sources.

Research and development

Development costs that are expected to generate probable future economic benefits are capitalised as intangible assets. All other research and development expenditure is recognised in the Consolidated Statement of Income as incurred.

Exploration costs

Hydrocarbon exploration costs are accounted for under the successful efforts method: exploration costs are recognised in the Consolidated Statement of Income when incurred, except that exploratory drilling costs, including in respect of the recapitalisation of depreciation, are included in property, plant and equipment pending determination of proved reserves. Exploration costs capitalised in respect of exploration wells that are more than 12 months old are written off unless: (a) proved reserves are booked; or (b) (i) they have found commercially producible quantities of reserves; and (ii) they are subject to further exploration or appraisal activity in that either drilling of additional exploratory wells is under way or firmly planned for the near future or other activities are being undertaken to sufficiently progress the assessing of reserves and the economic and operating viability of the project.

Property, plant and equipment and intangible assets other than goodwill Recognition

Property, plant and equipment comprise assets owned by Shell, assets held by Shell under lease contracts, and assets operated by Shell as contractor in PSCs. They include rights and concessions in respect of properties with proved reserves ("proved properties") and with no proved reserves ("unproved properties"). Property, plant and equipment, including expenditure on major inspections, and intangible assets are initially recognised in the Consolidated Balance Sheet at cost where it is probable that they will generate future economic benefits. This includes capitalisation of decommissioning and restoration costs associated with provisions for asset retirement (see "provisions"), certain development costs (see "research and development") and the effects of associated cash flow hedges (see "financial instruments") as applicable. Interest is capitalised as an increase in property, plant and equipment on major capital projects during construction. The accounting for exploration costs is described separately (see "exploration costs"). Intangible assets other than goodwill include acquired liquefied natural gas (LNG) off-take and sales contracts, environmental certificates, power purchase agreements, software costs, retail customer relationships and trademarks.

Property, plant and equipment and intangible assets other than goodwill are subsequently carried at cost less accumulated depreciation, depletion and amortisation (including any impairment). Gains and losses on sale are determined by comparing the proceeds with the carrying amounts of assets sold and are recognised in the Consolidated Statement of Income, within interest and other income.

2. Material accounting policies, judgements and estimates continued

An asset is classified as held for sale if its carrying amount will be recovered principally through sale rather than through continuing use, which is when the sale is highly probable, and it is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets. Assets classified as held for sale are measured at the lower of the carrying amount upon classification and the fair value less costs to sell. Assets classified as held for sale and the associated liabilities are presented separately from other assets and liabilities in the Consolidated Balance Sheet. Once assets are classified as held for sale, property, plant and equipment and intangible assets other than goodwill are no longer subject to depreciation or amortisation.

Depreciation, depletion and amortisation

Property, plant and equipment related to hydrocarbon production activities are in principle depreciated on a unit-of-production basis over the proved developed reserves of the field concerned, other than assets whose useful lives differ from the lifetime of the field which are depreciated applying the straight-line method. For certain Integrated Gas and Upstream assets, the use of proved developed reserves, which are determined using the Securities and Exchange Commission (SEC) mandated yearly average oil and gas prices, could result in depreciation charges for these assets which do not reflect the pattern in which their future economic benefits are expected to be consumed as, for example, it may result in assets with long-term expected lives having accelerated or being fully depreciated within one year. Therefore, in these instances, other approaches are applied to determine a reserves base for the purpose of calculating depreciation, such as using management's expectations of future oil and gas prices rather than yearly average prices and using total proved reserves to provide a phasing of periodic depreciation charges that more appropriately reflects the expected utilisation of the assets concerned. (See Note 12).

Rights and concessions in respect of proved properties are depleted on the unit-of-production basis over the total proved reserves of the relevant area. Where individually insignificant, unproved properties may be grouped and depreciated based on factors such as the average concession term and past experience of recognising proved reserves.

Property, plant and equipment held under lease contracts, capitalised LNG off-take and sales contracts and power purchase agreements are depreciated or amortised over the term of the respective contract. Other property, plant and equipment and intangible assets other than goodwill are depreciated or amortised on a straight-line basis over their estimated useful lives. They include energy and chemicals parks (for which the useful life is generally 20 years), retail service stations (for which the useful life is generally 15 years) and major inspection costs, which are depreciated over the estimated period before the next planned major inspection (three to five years). Estimates of the useful lives and residual values of property, plant and equipment and intangible assets other than goodwill are reviewed annually and adjusted if appropriate.

On classification of an asset as held for sale, depreciation ceases.

Impairment

Intangible assets other than goodwill and assets other than unproved properties (see "Exploration costs") are tested for impairment whenever events or changes in circumstances indicate that the carrying amounts for those assets may not be recoverable. If any such indication of impairment exists, the carrying amounts of those assets are written down to their recoverable amount, which is the higher of fair value less costs of disposal (see "Fair value measurements") and value in use.

Value in use is determined as the amount of estimated risk-adjusted discounted future cash flows. For this purpose, assets are grouped into cash-generating units based on separately identifiable and largely independent cash inflows. Estimates of future cash flows used in the evaluation of impairment of assets are made using management's forecasts of commodity prices, market supply and demand, potential costs associated with operational greenhouse gas (GHG) emissions, mainly related to CO₂, and forecast product, refining and chemical margins. In addition, management takes into consideration the expected useful lives of the manufacturing facilities, exploration and production assets, and expected production volumes. The latter takes into account assessments of field and reservoir performance and includes expectations about both proved reserves and volumes that are expected to constitute proved reserves in the future (unproved volumes), which are risk-weighted utilising geological, production, recovery and economic projections. Cash flow projections are based on management's most recent Operating Plan that represents management's best estimate and are risked as appropriate. The discount rate is based on a nominal post-tax weighted average cost of capital (WACC). Using a post-tax discount rate to calculate value in use does not result in a materially different outcome than using a pre-tax discount rate. (See Note 13).

Impairments are reversed as applicable to the extent that the events or circumstances that triggered the original impairment have changed.

Impairment losses and reversals are reported within depreciation, depletion and amortisation.

Upon classification of an asset as held for sale, the carrying amount is impaired if this exceeds the fair value less costs to sell.

2. Material accounting policies, judgements and estimates continued**Judgements and estimates****Proved oil and gas reserves**

Unit-of-production depreciation, depletion and amortisation charges are principally measured based on management's estimates of proved developed oil and gas reserves. Exploration drilling costs are capitalised pending the results of further exploration or appraisal activity (successful efforts method), which may take place for several years before the final investment decision on a development project is taken and before any related proved reserves can be booked.

Proved reserves are estimated by internal qualified professionals. The proved reserves are estimated with reasonable certainty by analysis of available geological and engineering data at the time of the estimation, and only include volumes for which access to market is assured with reasonable expectation. Yearly average oil and gas prices are used for the estimation of proved reserves unless prices are defined by contractual arrangements, excluding escalations based upon future conditions. Proved reserves are subject to regular revision, both upward or downward, based on new information from the drilling of additional wells, observation of long-term reservoir performance under producing conditions, updates of development plans and changes in economic factors, including product prices, contract terms, legislation or development plans.

Changes to estimates of proved developed reserves affect prospectively the amounts of depreciation, depletion and amortisation charged and, consequently, the carrying amounts of exploration and production assets. Generally, in the normal course of business the diversity of the asset portfolio will limit the net effect of such revisions. The outcome of, or assessment of plans for, exploration or appraisal activity may result in the related capitalised exploration drilling costs being recognised in the Consolidated Statement of Income in that period.

Judgement is involved in determining when to use an alternative reserves base in order to appropriately reflect the expected utilisation of the assets concerned (see "Depreciation, depletion and amortisation").

Information about the carrying amounts of exploration and production assets and the amounts charged to the Consolidated Statement of Income, including depreciation, depletion and amortisation and the quantitative impact of the use of an alternative reserves base, is presented in Note 12.

Impairment

For the purposes of determining whether impairment of assets has occurred, and the extent of any impairment loss or its reversal, the key assumptions management uses in estimating risk-adjusted future cash flows for value in use measures are future oil and gas prices and product margins, including refining and chemical margins. In addition, management uses other assumptions, such as potential costs associated with operational GHG emissions, market supply and demand, expected production volumes and forecast expenditure. These assumptions and the judgements of management that are based on them are subject to change as new information becomes available. Changes in assumptions could affect the carrying amounts of assets, and any impairment losses and reversals will affect income. Changes in economic conditions can affect the rate used to discount future cash flow estimates or the risk adjustment in the future cash flows. Judgement is applied to conclude whether changes in assumptions or economic conditions are an indicator that an asset may be impaired or that an impairment loss recognised in prior periods may no longer exist, or may have decreased.

Expected production volumes, which comprise proved reserves and unproved volumes, are used for impairment testing because management believes this to be the most appropriate indicator of expected future cash flows. Reserves estimates are inherently imprecise. Furthermore, projections about unproved volumes are based on information that is necessarily less robust than that available for mature reservoirs.

Estimation is involved with respect to the expected life of energy and chemicals parks, including management's view on the future development of refining margins.

The determination of cash-generating units requires judgement. Changes in this determination could impact the calculation of value in use and therefore the conclusion on the recoverability of assets' carrying amounts when performing an impairment test.

Judgement, which is subject to change as new information becomes available, can be required in determining when an asset is classified as held for sale. A change in that judgement could result in impairment charges affecting income, depending on whether classification requires a write-down of the asset to its fair value less costs to sell.

Significant estimates

In assessing the value in use, the estimated risk-adjusted future post-tax cash flows are discounted to their present value using a post-tax discount rate that reflects Shell's post-tax WACC. (See Note 13). The level of risking reflected in the cash flow assumptions is a consideration in management's assessment of the discount rate to be applied in order to avoid duplication of systemic and asset-specific risking in calculating value in use, and to ensure the discount rate applied is commensurate with risks included in forecast cash flows.

Assumptions about future commodity prices and refining and chemical margins used in the impairment testing in, respectively, Integrated Gas and Upstream, and Chemicals and Products (see Note 13) are regularly assessed by management, noting that management does not necessarily consider short-term increases or decreases in prices as being indicative of long-term levels.

The price methodology applied is based on Shell management's understanding and interpretation of demand and supply fundamentals in the near term, taking into account various other factors such as industry rationalisation and energy transition in the long term.

The discount rate, future commodity prices and refining margins used in impairment testing provide a source of estimation uncertainty as referred to in paragraph 125 of IAS 1 Presentation of Financial Statements (IAS 1.125).

Information about the carrying amounts of assets and impairments and their sensitivity to changes in significant estimates is presented in Note 13.

2. Material accounting policies, judgements and estimates continued**Goodwill**

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the amount recognised for any non-controlling interest over the fair value of the identifiable assets acquired and liabilities assumed in a business combination at the acquisition date. The amount recognised for any non-controlling interest is measured as a percentage of the identified net assets of the acquiree based on the present ownership's proportionate share. At the acquisition date, acquired goodwill is allocated to each cash-generating unit (CGU), or groups of CGUs, expected to benefit from the combination's synergies. The CGU to which goodwill is allocated represents the lowest level at which the goodwill will be monitored and managed.

Goodwill is not amortised and is subsequently measured at the initial amount recognised less any accumulated impairment losses. (See Note 11).

Impairment

The carrying amount of goodwill is tested for impairment at least annually. Impairment is determined for goodwill by assessing the recoverable amount of each CGU to which the goodwill relates. An impairment loss is recognised when the CGU's recoverable amount is lower than its carrying amount. (See Note 13).

Previously recognised impairment losses of goodwill are not reversed subsequently.

Leases

A contract, or part of a contract, that conveys the right to control the use of an identified asset for a period of time in exchange for payments to be made to the owners (lessors) is accounted for as a lease. Contracts are assessed to determine whether a contract is, or contains, a lease at the inception of a contract or when the terms and conditions of a contract are significantly changed. The lease term is the non-cancellable period of a lease, together with contractual options to extend or to terminate the lease early, where it is reasonably certain that an extension option will be exercised or a termination option will not be exercised.

At the commencement of a lease contract, a lease liability and a corresponding right-of-use asset are recognised, unless the lease term is 12 months or less. The commencement date of a lease is the date on which the underlying asset is made available for use. The lease liability is measured at an amount equal to the present value of the lease payments during the lease term that are not paid at that date. The lease liability includes contingent rentals and variable lease payments that depend on an index, rate, or where they are fixed payments in substance. The lease liability is remeasured when the contractual cash flows of variable lease payments change due to a change in an index or rate when the lease term changes following a reassessment.

Lease payments are discounted using the interest rate implicit in the lease. If that rate is not readily available, the incremental borrowing rate is applied. The incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar nature and value to the right-of-use asset in a similar economic environment.

In general, a corresponding right-of-use asset is recognised for an amount equal to each lease liability, adjusted by the amount of any pre-paid lease payment relating to the specific lease contract. The depreciation on right-of-use assets is recognised in the Consolidated Statement of Income unless capitalised as exploration drilling cost (see "exploration cost") or capitalised when the right-of-use asset is used to construct another asset.

Where Shell is the lessor in a lease arrangement at inception, the lease arrangement will be classified as a finance lease or an operating lease. Classification is based on the extent to which the risks and rewards incidental to ownership of the underlying asset lie with the lessor or the lessee.

Where Shell, usually in its capacity as operator, has entered into a lease contract on behalf of a joint arrangement, a lease liability is recognised to the extent that Shell has primary responsibility for the lease liability. A finance sublease is subsequently recognised if the related right-of-use asset is subleased to the joint arrangement. This is usually the case when the joint arrangement has the right to direct the use and obtains substantially all of the economic benefits from using the asset.

Impairment of the right-of-use asset

Right-of-use assets are subject to existing impairment requirements as set out in "Property, plant and equipment", above, and as presented in Note 13.

Judgements and estimates

A lease term includes optional lease periods where it is reasonably certain Shell will exercise the option to extend or not exercise the option to terminate the lease. Determination of the lease term is subject to judgement and has an impact on the measurement of the lease liability and related right-of-use asset. When assessing the lease term at the commencement date, Shell takes into consideration the broader economics of the contract. Reassessment of the lease term is performed upon changes in circumstances that may affect the probability that an option to extend or to terminate the lease will be exercised.

Where the rate implicit in the lease is not readily available, an incremental borrowing rate is applied. This incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow over a similar term, with a similar security, the funds necessary to obtain an asset of a similar nature and value to the right-of-use asset in a similar economic environment. Determination of the incremental borrowing rate requires estimation.

2. Material accounting policies, judgements and estimates continued**Joint arrangements and associates**

Arrangements under which Shell has contractually agreed to share control (see "Nature of the Consolidated Financial Statements" for the definition of control) with another party or parties are joint ventures where the parties have rights to the net assets of the arrangement, or joint operations where the parties have rights to the assets and obligations for the liabilities relating to the arrangement. Investments in entities over which Shell has significant influence but neither control nor joint control are classified as associates. Information about incorporated joint arrangements and associates at December 31, 2024, can be found in "Appendix 1: Significant subsidiaries and other related undertakings (audited)".

Investments in joint ventures and associates are accounted for using the equity method, under which the investment is initially recognised at cost and subsequently adjusted for the Shell share of post-acquisition income less dividends received and the Shell share of other comprehensive income and other movements in equity, together with any loans of a long-term investment nature. Where necessary, adjustments are made to the financial statements of joint ventures and associates to bring the accounting policies used into line with those of Shell. In an exchange of assets and liabilities for an interest in a joint venture, the non-Shell share of any excess of the fair value of the assets and liabilities transferred over the pre-exchange carrying amounts is recognised in the Consolidated Statement of Income. Unrealised gains on other transactions between Shell and its joint ventures and associates are eliminated to the extent of Shell's interest in them; unrealised losses are treated similarly but may also result in an assessment of whether the asset transferred is impaired.

Shell recognises its assets and liabilities relating to its interests in joint operations, including its share of assets held jointly and liabilities incurred jointly with other partners.

Inventories

Inventories are stated at cost or net realisable value, whichever is lower. Cost comprises direct purchase costs (including transportation), and associated costs incurred in bringing inventories to their present condition and location, and is determined using the first-in, first-out (FIFO) method for oil, gas and chemicals and by the weighted average cost method for materials.

Taxation

The charge for current tax is calculated based on the income reported by the Company and its subsidiaries, as adjusted for items that are non-taxable or disallowed and using rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is determined, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Balance Sheet and on unused tax losses and credits carried forward.

Deferred tax assets and liabilities are calculated using the enacted or substantively enacted rates that are expected to apply when an asset is realised or a liability is settled. They are not recognised where they arise on the initial recognition of goodwill or of an asset or liability in a transaction (other than in a business combination) that, at the time of the transaction, affects neither accounting nor taxable profit, or in respect of taxable temporary differences associated with subsidiaries, joint ventures and associates where the reversal of the respective temporary difference can be controlled by Shell and it is probable that it will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and credits carried forward can be utilised.

Income tax receivables and payables as well as deferred tax assets and liabilities include provisions for uncertain income tax positions/treatments.

Income taxes are recognised in income except when they relate to items recognised in other comprehensive income, in which case the tax is recognised in other comprehensive income. Income tax assets and liabilities are presented separately in the Consolidated Balance Sheet except where there is a right of offset within fiscal jurisdictions and an intention to settle such balances on a net basis.

Judgements and estimates

Tax liabilities are recognised when it is probable that there will be a future outflow of funds to a taxing authority. In such cases, a provision is made for the amount expected to be settled, provided it can be reasonably estimated. Provisions for uncertain income tax positions/treatments are measured at the most likely amount or the expected value method, depending on which method better predicts the resolution of the uncertainty. Generally, uncertain tax treatments are assessed on an individual basis unless they are expected to be settled collectively. It is assumed that taxing authorities will examine positions taken if they have the right to do so and have full knowledge of the relevant information. Changes in estimates regarding the likelihood of a future outflow of funds or the expected amount to be settled are recognised in the Consolidated Statement of Income in the period in which the change occurs. This process requires the application of judgement, which can change over time depending on new facts and circumstances. Judgements primarily relate to transfer pricing, including inter-company financing, interpretation of PSCs, deductible expenditure for tax purposes, and taxation arising from disposal.

2. Material accounting policies, judgements and estimates continued**Judgements and estimates** continued

Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the assets when they do reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred tax assets as well as in the amounts recognised in income in the period in which the change occurs.

Taxation information, including charges and deferred tax assets and liabilities, is presented in Note 23. Income taxes include certain charges at higher rates levied on income from certain Integrated Gas and Upstream activities.

Retirement benefits

Benefits in the form of retirement pensions and health care and life insurance are provided to certain employees and retirees under defined benefit and defined contribution plans.

Obligations under defined benefit plans are calculated annually by independent actuaries using the projected unit credit method, which takes into account employees' years of service and, for pensions, average or final pensionable remuneration, and are discounted to their present value using interest rates of high-quality corporate bonds denominated in the currency in which the benefits will be paid and of a duration consistent with the plan obligations. Where plans are funded, payments are made to independently managed trusts; assets held by those trusts are measured at fair value. Defined benefit plan surpluses are recognised as assets to the extent that they are considered recoverable, which is generally by way of a refund or lower future employer contributions.

The amounts recognised in income in respect of defined benefit plans mainly comprise service cost and net interest. Service cost comprises principally the increase in the present value of the obligation for benefits resulting from employee service during the period (current service cost) and also amounts relating to past service and settlements or amendments of plans. Plan amendments are changes to benefits and are generally recognised when all legal and regulatory approvals have been received and the effects have been communicated to members. Net interest is calculated using the net defined benefit liability or asset matched against the discount rate yield curve at the beginning of each year for each plan. Remeasurements of the net defined benefit liability or asset resulting from actuarial gains and losses, and the return on plan assets excluding the amount recognised in income, are recognised in other comprehensive income.

For defined contribution plans, pension expense represents the amount of employer contributions payable for the period.

Significant judgements and estimates

Defined benefit obligations and plan assets, and the resulting liabilities and assets that are recognised, require significant estimation as these are subject to volatility as (actuarial) assumptions regarding future outcomes and market values change. Significant judgement is required in determining the actuarial assumptions, which vary for the different plans to reflect local conditions but are determined under a common process in consultation with independent actuaries. The assumptions applied in respect of each plan are reviewed annually and adjusted where necessary to reflect changes in experience and actuarial recommendations.

Actuarial assumptions applied in determining defined benefit obligations provide a source of estimation uncertainty as referred to in IAS 1.125.

Information about the amounts reported in respect of defined benefit pension plans, assumptions applicable to the principal plans and their sensitivity to changes in significant estimates is presented in Note 24.

Provisions

Provisions are recognised at the balance sheet date at management's best estimate of the expenditure required to settle the present obligation. Non-current amounts are discounted at a rate intended to reflect the time value of money. The carrying amounts of provisions and the discount rate applied are regularly reviewed and adjusted for new facts or changes in law, technology or financial markets.

2. Material accounting policies, judgements and estimates continued

Provisions for decommissioning and restoration costs, which arise principally in connection with hydrocarbon production facilities, oil products manufacturing facilities and pipelines, are measured on the basis of current requirements, technology and price levels; the present value is calculated using amounts discounted over the useful economic life of the assets. The liability is recognised (together with a corresponding amount as part of the related property, plant and equipment) once a legal or constructive obligation arises to dismantle an item of property, plant and equipment and to restore the site on which it is located and when a reasonable estimate can be made. The effects of changes resulting from revisions to the timing or the amount of the original estimate of the provision are reflected on a prospective basis, generally by adjustment to the carrying amount of the related property, plant and equipment. However, where there is no related asset, or the change reduces the carrying amount to nil, the effect, or the amount in excess of the reduction in the related asset to nil, is recognised in income.

Shell reviews its energy and chemicals parks on a regular basis to determine whether any changes in assumptions, including expected life, trigger the need to recognise a provision for decommissioning and restoration.

Redundancy provisions are recognised when a detailed formal plan identifies the business or part of the business concerned, the location and number of employees affected, a detailed estimate of the associated costs and an appropriate timeline, and the employees affected have been notified of the plan's main features.

An onerous contract provision is recognised when the unavoidable cost of meeting the obligations under the contract exceeds the economic benefits expected to be received under it. The unavoidable cost under a contract is the lower of the cost of fulfilling the contract and any compensation or penalties arising from failure to fulfil it. The cost of fulfilling a contract comprises the costs that relate directly to the contract. Before an onerous provision is recognised Shell first recognises any impairment loss that has occurred on assets dedicated to that contract.

Other provisions are recognised in the Consolidated Statement of Income in the period in which an obligation arises and the amount can be reasonably estimated. Provisions are measured based on current legal requirements and existing technology where applicable. Recognition of any joint and several liability is based on management's best estimate of the final pro rata share of the liability. Provisions are determined independently of expected insurance recoveries. Recoveries are recognised when virtually certain of realisation.

Estimates

Estimates of provisions for future decommissioning and restoration costs are recognised and based on current legal and constructive requirements, technology and price levels. Because actual cash outflows can differ from estimates due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are regularly reviewed and adjusted to take account of such changes.

Significant estimate

The discount rate applied to reflect the time value of money in the carrying amount of provisions requires estimation. The discount rate used in the calculation of provisions is the pre-tax rate that reflects current market assessments of the time value of money. Generally, the market assessments of the time value of money can be reflected in the risk-free rate and given the long-term investment nature of oil and gas business, Shell considers it appropriate to use the 20-year US Treasury bond yield return as the risk-free rate. The discount rate applied is reviewed regularly and adjusted following changes in market rates.

The discount rate applied to determine the carrying amount of provisions provides a source of estimation uncertainty as referred to in IAS 1.125.

Information about decommissioning and restoration provisions and their sensitivity to changes in estimates is presented in Note 25.

Financial instruments

Financial assets and liabilities are presented separately in the Consolidated Balance Sheet except where there is a legally enforceable right of offset and Shell has the intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Financial assets

Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss. The classification of financial assets is determined by the contractual cash flows and where applicable the business model for managing the financial assets.

Debt instruments are measured at amortised cost, if the objective of the business model is to hold the financial asset in order to collect contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest. It is initially recognised at fair value plus or minus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, the financial asset is measured using the effective interest method less any impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

All equity instruments and other debt instruments are recognised at fair value. For equity instruments, on initial recognition, an irrevocable election (on an instrument-by-instrument basis) can be made to designate these as at fair value through other comprehensive income instead of fair value through profit or loss. Dividends received on equity instruments are recognised as other income in profit or loss when the right of payment has been established, except when Shell benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in other comprehensive income.

2. Material accounting policies, judgements and estimates continued**Investments in securities**

Investments in securities ("securities") comprise equity and debt securities. Equity securities are carried at fair value. Generally, unrealised holding gains and losses are recognised in other comprehensive income. On sale, net gains and losses previously accumulated in other comprehensive income are transferred to retained earnings. Debt securities are generally carried at fair value with unrealised holding gains and losses recognised in other comprehensive income. On sale, net gains and losses previously accumulated in other comprehensive income are recognised in income.

Impairment of financial assets

The expected credit loss model is applied for recognition and measurement of impairments in financial assets measured at amortised cost or at fair value through other comprehensive income. The expected credit loss model is also applied for financial guarantee contracts to which IFRS 9 applies and which are not accounted for at fair value through profit or loss. The loss allowance for the financial asset is measured at an amount equal to the 12-month expected credit losses. If the credit risk on the financial asset has increased significantly since initial recognition, the loss allowance for the financial asset is measured at an amount equal to the lifetime expected credit losses. Changes in loss allowances are recognised in profit or loss. For trade receivables, a simplified impairment approach is applied recognising expected lifetime losses from initial recognition.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, including offsetting bank overdrafts, short-term bank deposits, money market funds, reverse repos and similar instruments that generally have a maturity of three months or less at the date of purchase.

Financial liabilities

Financial liabilities are measured at amortised cost, unless they are required to be measured at fair value through profit or loss, such as instruments held for trading, or Shell has opted to measure them at fair value through profit or loss. Debt and trade payables are recognised initially at fair value based on amounts exchanged, net of transaction costs, and subsequently at amortised cost except for fixed rate debt subject to fair value hedging which is remeasured for the hedged risk (see below). Interest expense on debt is accounted for using the effective interest method, and other than interest capitalised, is recognised in income. For financial liabilities that are measured under the fair value option, the change in the fair value related to own credit risk is recognised in other comprehensive income. The remaining fair value change is recognised at fair value through profit or loss.

Derivative contracts and hedges

Derivative contracts are used in the management of interest rate risk, foreign exchange risk, commodity price risk, and foreign currency cash balances. Derivatives that are not closely related to the host contract in terms of economic characteristics and risks and the host contract of which is not a financial asset are separated from their host contract and recognised at fair value with the associated gains and losses recognised in income.

Contracts to buy or sell a non-financial item that can be settled net in cash are accounted for as financial instruments, with the exception of those contracts that were entered into and continue to be held for the purpose of the receipt or delivery of a non-financial item in accordance with Shell's expected purchase, sale or usage requirements. Gains or losses arising from changes in the fair value of derivatives that are not designated as effective hedging instruments are recognised in income.

Certain derivative contracts qualify and are designated either: as a fair value hedge of the change in fair value of a recognised asset or liability or an unrecognised firm commitment; or as a cash flow hedge for the change in cash flows to be received or paid relating to a recognised asset or liability or a highly probable forecast transaction; or as a net investment hedge of the change in foreign exchange rates associated with net investments in foreign operations with a different functional currency than Shell's functional currency.

A change in the fair value of a hedging instrument designated as a fair value hedge is recognised in income, together with the consequential adjustment to the carrying amount of the hedged item. The effective portion of a change in fair value of a derivative contract designated as a cash flow hedge is recognised in other comprehensive income until the hedged transaction occurs; any ineffective portion is recognised in income. Where the hedged item is a non-financial asset or liability, the amount in accumulated other comprehensive income is transferred to the initial carrying amount of the asset or liability (reclassified to the balance sheet); a net investment hedge is accounted for similarly to a cash flow hedge. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income while any gains or losses relating to the ineffective portion are recognised in the Consolidated Statement of Income. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in other comprehensive income is reclassified to the Consolidated Statement of Income.

The effective portion of a change due to retranslation at quarter-end exchange rates in the carrying amount of debt and the principal amount of derivative contracts used to hedge net investments in foreign operations is recognised in other comprehensive income until the related investment is sold or liquidated; any ineffective portion is recognised in income.

All relationships between hedging instruments and hedged items are documented, as well as risk management objectives and strategies for undertaking hedge transactions. The effectiveness of hedges is also continually assessed and hedge accounting is discontinued when there is a change in the risk management strategy.

Unless designated as hedging instruments, contracts to sell or purchase non-financial items that can be settled net as if the contracts were financial instruments and that do not meet expected own-use requirements (typically, forward sale and purchase contracts for commodities in trading operations), and contracts that are or contain written options, are recognised at fair value; associated gains and losses are recognised in income.

Derivatives that are held primarily for the purpose of trading are presented as current in the Consolidated Balance Sheet.

2. Material accounting policies, judgements and estimates continued

Judgement

Judgement is required to determine whether contracts to buy or sell LNG are capable of being settled on a net basis. Due to the limited liquidity in the LNG market and the lack of net settlement history, contracts to buy or sell LNG are not considered capable of being settled on a net basis. As a result, these contracts are accounted for on an accrual basis and not as a financial instrument.

Fair value measurements

Fair value measurements are estimates of the amounts for which assets or liabilities could be transferred at the measurement date, based on the assumption that such transfers take place between participants in principal markets and, where applicable, taking highest and best use into account.

Estimate

Where available, fair value measurements are derived from prices quoted in active markets for identical assets or liabilities. In the absence of such information, other observable inputs are used to estimate fair value. Inputs derived from external sources are corroborated or otherwise verified, as appropriate. In the absence of publicly available information, fair value is determined using estimation techniques that take into account market perspectives relevant to the asset or liability, in as far as they can reasonably be ascertained, based on predominantly unobservable inputs. For derivative contracts where publicly available information is not available, fair value estimations are generally determined using models and other valuation methods, the key inputs for which include future prices, volatility, price correlation, counterparty credit risk and market liquidity, as appropriate; for other assets and liabilities, fair value estimations are generally based on the net present value of expected future cash flows.

Share-based compensation plans

The fair value of share-based compensation expense arising from the Performance Share Plan (PSP) and the Long-term Incentive Plan (LTIP) – Shell's main equity-settled plans – is estimated using the average Monte Carlo fair values and is recognised in income from the date of grant over the vesting period with a corresponding increase directly in equity. The model projects and averages the results for a range of potential outcomes for the vesting conditions, the principal assumptions for which are the share price volatility and dividend yields for Shell and four of its main competitors using respectively three years and 10 years of historical data.

Shares held in trust

Shares in the Company, which are held by employee share ownership trusts and trust-like entities, are not included in assets but are reflected at cost as a deduction from equity as shares held in trust.

Acquisitions and sales of interests in a business

Assets acquired and liabilities assumed when control is obtained over a business, and when an interest or an additional interest is acquired in a joint operation which is a business, are recognised at their fair value at the date of the acquisition; the amount of the purchase consideration above this value is recognised as goodwill. When control is obtained, any non-controlling interest is recognised as the proportionate share of the identifiable net assets. The acquisition of a non-controlling interest in a subsidiary and the sale of an interest while retaining control are accounted for as transactions within equity. The difference between the purchase consideration or sale proceeds after tax and the relevant proportion of the non-controlling interest, measured by reference to the carrying amount of the interest's net assets at the date of acquisition or sale, is recognised in retained earnings as a movement in equity attributable to Shell plc shareholders.

Emission schemes and related environmental programmes

Emission certificates, biofuel certificates and renewable power certificates (together "environmental certificates") held for trading purposes are recognised at cost or net realisable value, whichever is lower, and classified under inventory.

Emission trading schemes

Emission certificates acquired for compliance purposes are initially recognised at cost and classified under intangible assets. In the schemes where a cap is set for emissions, the associated emission certificates granted are recognised at cost, which may be zero. An emission liability is recognised under other liabilities when actual emissions occur that give rise to an obligation. To the extent the liability is covered by emission certificates held for compliance purposes, the liability is measured with reference to the value of these emission certificates held and for the remaining uncovered portion at market value. The associated expense is presented under "Production and manufacturing expenses". Both the emission certificates and the emission liability are derecognised upon settling the liability with the respective regulator.

Biofuel programmes

Biofuel certificates acquired that are held for compliance purposes are initially recognised at cost under intangible assets. Self-generated biofuel certificates are recognised at nil value, as they primarily offset the obligation. A biofuel liability is recognised under other liabilities when the obligation arises under local regulations. To the extent covered by biofuel certificates held for compliance purposes, the liability is measured with reference to the value of these certificates held and for the remaining uncovered portion at market value. The associated expense is presented under "purchases". Biofuel certificates and the biofuel liability are both derecognised upon settling the liability with the respective regulator.

2. Material accounting policies, judgements and estimates continued
Renewable power programmes

Renewable power certificates acquired for compliance purposes are initially recognised at cost as an intangible asset. Self-generated renewable power certificates are generally transferred to the customer upon sales of electricity. A renewable power liability is recognised under other liabilities when electricity sales take place that give rise to an obligation to retire renewable power certificates. The associated cost is recognised in "purchases" in the income statement. If the obligation relates to power consumed in business operations, it is presented in other liabilities with cost reflected in "Production and manufacturing expenses". To the extent covered by renewable power certificates held for compliance purposes, the liability is measured with reference to the value of these renewable power certificates and for the remaining uncovered portion at market value. Renewable power certificates and the renewable power liability are derecognised upon settling the liability with the respective regulator.

Consolidated Statement of Income presentation

Purchases reflect all costs related to the acquisition of inventories and the effects of the changes therein, and include associated costs incurred in conversion into finished or intermediate products. Production and manufacturing expenses are the costs of operating, maintaining and managing production and manufacturing assets. Selling, distribution and administrative expenses include direct and indirect costs of marketing and selling products.

3. Changes to IFRS not yet adopted
IFRS 18 Presentation and Disclosure in Financial Statements ("IFRS 18")

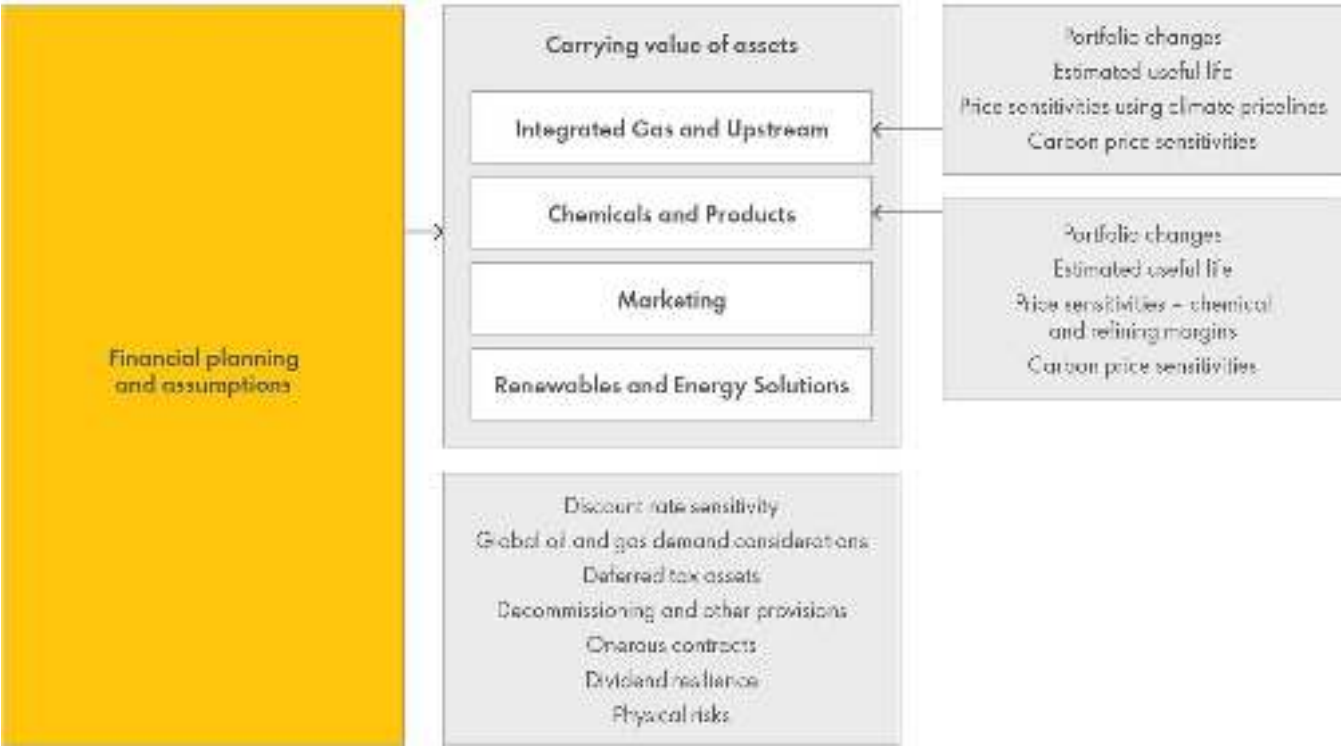
IFRS 18 was issued in April 2024 and will replace IAS 1 Presentation of Financial Statements. IFRS 18 will be effective for reporting periods beginning on or after January 1, 2027. This standard sets out requirements for the presentation and disclosure of information in financial statements, particularly the Consolidated Statement of Income. The standard introduces a defined structure for the Consolidated Statement of Income, additional defined subtotals, new principles for aggregation and disaggregation of information, and it mandates disclosures about management-defined performance measures.

IFRS 18 will have no impact on recognition and measurement. From Shell's initial impact assessment, it has concluded that the impact will be limited to disclosure and presentation in the Consolidated Financial Statements. The primary change will be that the share of profit from joint ventures and associates will be classified in the Consolidated Statement of Income under the investing category (income generated by the investment) instead of the operating category. As a result of this change, the dividends received from joint ventures and associates will be reclassified in the Consolidated Statement of Cash Flows from cash flow from operating activities (CFFO) to cash flow from investing activities (CFFI).

4. Climate change and energy transition

This note describes how Shell has considered climate-related impacts in key areas of the financial statements and how this translates into the valuation of assets and measurement of liabilities as Shell makes progress in the energy transition. The note is structured as follows:

Climate change and energy transition



4. Climate change and energy transition continued

Note 2 Material accounting policies, judgements and estimates describes uncertainties, including those that have the potential to have a material effect on the Consolidated Balance Sheet in the next 12 months. This note describes the key areas of climate impacts that potentially have short-, medium- and longer-term effects on amounts recognised in the Consolidated Balance Sheet at December 31, 2024. Where relevant, this note contains references to other notes to the Consolidated Financial Statements and aims to provide an overarching summary of the energy transition impact.

In 2021, Shell launched its strategy to become a net-zero emissions energy business by 2050. The strategy aims to deliver more value with less emissions. Shell's targets include those related to its own operations: halve Scope 1 and 2 emissions on a net basis under operational control by 2030, compared with 2016 baseline, achieve methane emissions intensity below 0.2% and achieve near-zero methane emissions by 2030, and eliminate routine gas flaring by 2025. [A] In relation to emissions from the products we sell, Shell has a target to reduce the net carbon intensity of energy products sold by 9-13% by 2025, 15-20% by 2030 and 100% by 2050, compared with a 2016 baseline and an ambition, set in March 2024, to reduce customer emissions (Scope 3, Category 11) related to the use of oil products sold by 15-20% by 2030, compared with 2021. [B]

[A] This target was subject to the completion of the sale of The Shell Petroleum Development Company of Nigeria Limited (SPDC). With effect from January 1, 2025, SPDC ceased routine flaring. On March 13, 2025, Shell completed the sale of SPDC to Renaissance.

[B] Customer emissions from the use of our oil products (Scope 3, Category 11) were 517 million tonnes carbon dioxide equivalent (CO₂e) in 2023 and 569 million tonnes CO₂e in 2021.

Financial planning and assumptions

This section provides an overview of key assumptions used for financial planning related to climate change and the energy transition. These assumptions that underpin the amounts recognised in these financial statements – such as future oil and gas prices, future chemical and refining margins, discount rates, future costs of decommissioning and restoration, carbon emission cost and deferred tax assets – take climate change and energy transition into account and are similarly used for impairment testing of carrying values of assets. The areas described focus on those most pertinent to Shell's business and how financial planning and assumptions interact with scenarios. Subsequently, the sensitivity of carrying values to commodity prices, carbon emission costs, chemical and refining margins, discount rates and demand, if different assumptions were applied, is described.

There is no one single scenario that underpins the financial statements. Shell Scenarios are not predictions. They are designed to stretch management's thinking when it comes to considering events that may be possible, even if only remotely. As a result, these scenarios are not intended to be predictions of likely future events or outcomes and are not the basis for Shell's financial statements and Operating Plans.

Shell Scenarios and the range of possible outcomes inform the development of Shell's strategy and Shell's view on future oil and gas price outlooks, refining margins and chemical margins. The oil and gas price outlooks are one of the key assumptions that underpin Shell's financial statements. Shell's scenarios inform high-, mid- and low-price outlooks. The mid-price outlook represents management's reasonable best estimate and is the basis for Shell's financial statements, Operating Plans and impairment testing. Impairment testing applies management's reasonable best estimates across the full life cycle of assets, which may go beyond the Operating Plan period.

Shell's targets – including to reduce absolute Scope 1 and 2 emissions on a net basis [C] by 50% by 2030, compared with 2016 baseline, and a 15-20% reduction of net carbon intensity [D] by 2030 – have been included in the Operating Plan. The Operating Plan also includes expected costs for evolving carbon regulations (see "Carbon price sensitivities" below) based on a forecast of Shell's equity share of emissions from operated and non-operated assets, also taking into account the estimated impact of free allowances. For impairment testing purposes, key assumptions that underpin the amounts recognised in the Consolidated Balance Sheet, such as future oil and gas prices, refining margins, chemical margins, discount rates, future costs of decommissioning and restoration, carbon emission cost and tax rates, all go beyond the planning horizon in the Operating Plan and do take climate change and energy transition into account.

[C] Operational control boundary.

[D] GHG emissions based on the energy product sales included in the net carbon intensity (NCI) using equity boundary.

Goodwill, other intangible assets, property, plant and equipment, and joint ventures and associates

The carrying value of goodwill, other intangible assets, property plant and equipment, and joint ventures and associates by segment as at December 31 was as follows:

2024

					\$ billion
	Goodwill	Other intangible assets	Property, plant and equipment	Joint ventures and associates	Total
Integrated Gas	4.9	2.6	60.0	6.4	73.9
Upstream	5.3	0.1	63.4	8.0	76.8
Chemicals and Products	0.3	1.0	32.6	4.0	37.9
Marketing	4.3	4.6	21.4	3.9	34.2
Renewables and Energy Solutions	1.2	1.2	5.7	1.0	9.1
Corporate	–	–	2.1	0.1	2.2
Total	16.0	9.5	185.2	23.4	234.1

4. Climate change and energy transition continued

2023

					\$ billion
	Goodwill	Other intangible assets	Property, plant and equipment	Joint ventures and associates	Total
Integrated Gas	4.9	3.2	57.7	6.1	71.9
Upstream	5.4	0.3	70.9	7.6	84.2
Chemicals and Products [A]	0.3	0.9	35.5	4.0	40.7
Marketing [A]	4.4	4.4	23.6	4.7	37.1
Renewables and Energy Solutions	1.7	1.5	4.8	2.0	10.0
Corporate	—	—	2.3	0.1	2.4
Total	16.7	10.3	194.8	24.5	246.3

[A] Following resegmentation in 2024 (see Note 7), prior period comparatives have been revised to conform with current year presentation with an offsetting impact between Marketing and Chemicals & Products segments.

For Integrated Gas and Upstream, sensitivity to commodity prices and carbon prices has been tested (see below) covering the carrying amount of goodwill, other intangible assets, property, plant and equipment, and joint ventures and associates. Sensitivity testing was performed applying alternative price scenarios to the forecasted cash flows for the whole period until the end of life of the asset tested. For Chemicals and Products, sensitivity to chemical margins, refining margins and carbon prices has been tested (see below). Marketing and Renewables and Energy Solutions are expected to be resilient through the energy transition with limited exposure of stranded assets.

In addition, sensitivity to changes in the discount rate applied in impairment testing has also been tested (see below).

In calculating recoverable value, key assumptions are not determined in isolation to ensure relevant interdependencies are appropriately reflected. In particular, management considers the relationship between discount rates, forecast commodity prices and cash flow risking to ensure impairment testing assumptions result in an implicit expected return that is balanced and appropriate for the asset under review. Each of the sensitivities described above has been tested under a ceteris paribus assumption where all other factors remain unchanged, and, as such, does not reflect the potential offsetting effects of corresponding changes in other assumptions.

Carrying value of Integrated Gas and Upstream assets

Carrying value of Integrated Gas and Upstream assets

\$ billion as at December 31



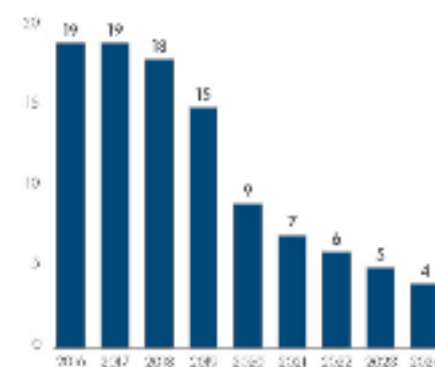
Carrying value of production assets

\$ billion as at December 31



Carrying value of exploration and evaluation assets

\$ billion as at December 31



Within Integrated Gas and Upstream, the assets potentially most sensitive to the energy transition are production assets and exploration and evaluation assets. Both production assets of \$102 billion and exploration and evaluation assets of \$4 billion are recognised within Property, plant and equipment within Integrated Gas and Upstream.

Portfolio composition and changes

Since 2016, the carrying value of production assets in Integrated Gas and Upstream decreased from \$169 billion as at December 31, 2016, to \$102 billion as at December 31, 2024. Over this period, depreciation was higher than additions for each year, and disposals of property, plant and equipment with a carrying value of \$26 billion occurred. The carrying value of capitalised exploration and evaluation expenses decreased from \$19 billion as at December 31, 2016, to \$4 billion at December 31, 2024. This is the result of final investment decisions, reclassifications to production assets and amounts charged to expenses exceeding additions.

4. Climate change and energy transition continued

Estimated useful life

The energy transition and the pace at which it progresses may impact the remaining life of assets. Integrated Gas and Upstream assets are generally depreciated using a unit-of-production methodology where depreciation generally depends on production of SEC proved reserves. (See Note 2). Based on production plans of existing assets, 49%, 7% and 1% of SEC proved reserves as at December 31, 2024, would currently be left by 2030, 2040 and 2050, respectively. Based on the unit-of-production depreciation methodology applied, the carrying value for individual assets are depreciated to nil in the same pattern as the depletion of reserves towards nil. An analysis of Integrated Gas and Upstream production assets of \$102 billion as at December 31, 2024, based on planned reserves depletion shows that these assets would be significantly further depreciated under the unit-of-production method by 2030 and nearly fully depreciated by 2050. This provides a further perspective on the risk of stranded assets carried in the Consolidated Balance Sheet as at December 31, 2024.

Price sensitivities using climate pricelines

As noted, in accordance with IFRS, Shell's financial statements are based on reasonable and supportable assumptions that represent management's current best estimate of the range of economic conditions that may exist in the foreseeable future. The mid-price outlook informed by Shell's scenario planning represents management's best estimate. A change of -10% or +10% to the mid-price outlook, as an average percentage over the whole life cycle of assets, would result in around \$5-9 billion (2023: \$5-8 billion) impairment or \$2-5 billion (2023: \$2-5 billion) impairment reversal respectively in Integrated Gas and Upstream (see Note 13).

The energy transition will continue to bring volatility and there is significant uncertainty as to how commodity prices will develop over the next decades. Some pricelines see a structurally lower price during the transition period, while other pricelines see structurally higher commodity prices as a result of changes in supply and demand. As the risk of stranded assets is prevalent with downside price risk in energy transition scenarios, sensitivities have only been undertaken for such downside scenarios. If different price outlooks from external and often normative climate change scenarios were used, this would impact the recoverability of certain assets recognised in the Consolidated Balance Sheet as at December 31, 2024. These external scenarios are not representative of management's mid-price reasonable best estimate.

Sensitivity of carrying value to commodity prices described below is under the assumption that all other factors in the models used – such as cost levels, volumes, mid-price CO₂ assumptions and the discount rate – to calculate recoverability of carrying value remains unchanged. Sensitivity testing has been performed by applying the alternative commodity price scenarios to cash flows for the whole period until the end of life of the assets tested, which may extend beyond the Operating Plan period. The alternative commodity prices were applied in the local cash flow models and thereafter aggregated by segment. Changes to commodity prices are applied because of the significant impact on Shell's business. It should be noted that a significant decrease in long-term forecasted commodity prices would probably lead to further changes, such as in portfolio choices and cost levels.

Sensitivity to changes in commodity prices in value in use calculations has been tested as follows:

Priceline 1 – Average prices from three 1.5-2°C external climate change scenarios: in view of the broad range of price outlooks across the various scenarios, the average of three external price outlooks was taken.

- **IHS Markit/ACCS 2024** – under this scenario oil prices (real terms 2024 (RT24)) decrease from \$110 per barrel (/b) in 2025 to around \$100/b in 2026-2027. From 2028 prices gradually decrease from \$50/b towards \$31/b in 2037, gradually recovering to \$92/b in 2048 with a subsequent decrease towards \$90/b in 2050. Gas prices (RT24) are around \$3 per million British thermal units (/MMBtu) until 2042 and gradually increase towards \$4/MMBtu until 2050 for Henry Hub. For Europe, prices decrease from \$10/MMBtu in 2025 towards around \$4/MMBtu in 2032, with a subsequent increase to some \$5/MMBtu until 2050. For Asia, prices decrease from \$11/MMBtu in 2025 towards around \$6/MMBtu in 2033, and gradually increase towards \$7/MMBtu until 2050.
- **Woodmac WM AET-1.5 degree** – under this scenario oil prices (RT24) gradually decrease from \$64/b in 2025 towards \$28/b in 2050. Gas prices (RT24) increase from \$3/MMBtu in 2025 towards around \$4/MMBtu until 2035, staying on that level until 2050 for Henry Hub. For Europe, gas prices (RT24) decrease gradually from around \$13/MMBtu in 2025 to some \$6/MMBtu in 2030, then gradually increase towards \$9/MMBtu in 2035 and subsequently decrease towards \$6/MMBtu in 2050. For Asia, gas prices decrease from \$14/MMBtu in 2025 to \$7/MMBtu in 2030, subsequently increasing to \$10/MMBtu around 2036 and subsequently decreasing towards \$7/MMBtu in 2050.
- **IEA NZE50** – under this scenario oil prices (RT24) gradually decrease from \$72/b in 2025 towards some \$26/b in 2050. Gas prices (RT24) decrease from some \$3/MMBtu in 2025 to around \$2/MMBtu until 2050 for Henry Hub. For Europe and Asia, gas prices (RT24) decrease from some \$10/MMBtu and \$11/MMBtu respectively in 2025 to some \$4/MMBtu in 2050 for Europe and \$5/MMBtu around 2030, for Asia staying at that level until 2050.

This average priceline provides an external view of the development of commodity prices under 1.5-2°C external climate change scenarios over the whole period under review.

Applying this priceline to Integrated Gas assets of \$74 billion (2023: \$72 billion) and Upstream assets of \$77 billion (2023: \$84 billion) as at December 31, 2024, shows recoverable amounts that are \$11-15 billion (2023: \$12-16 billion) and \$1-3 billion (2023: \$3-5 billion) lower, respectively, than the carrying value as at December 31, 2024.

4. Climate change and energy transition continued

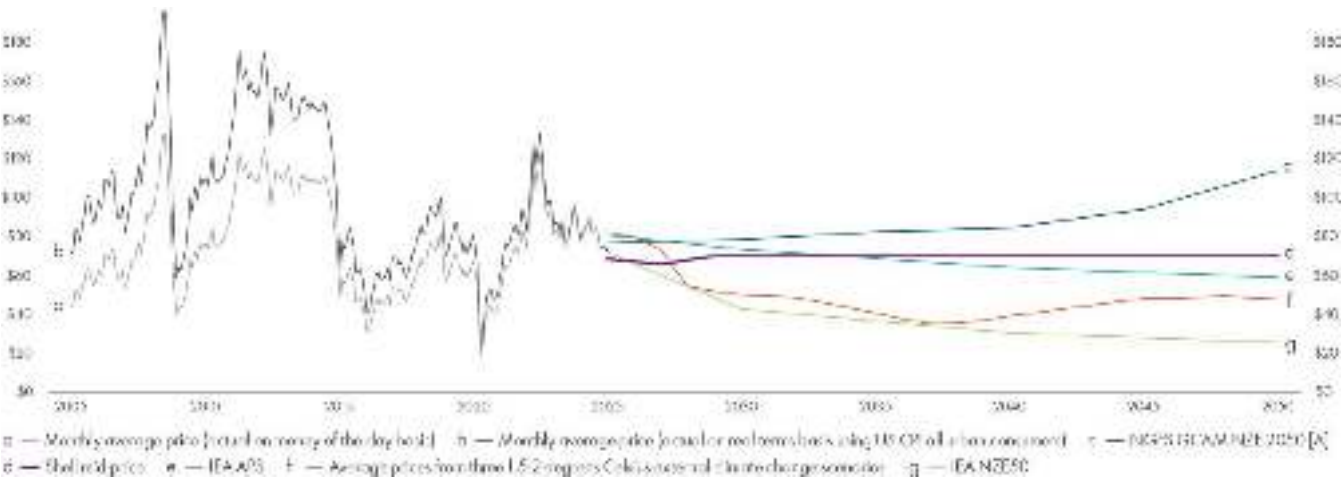
Priceline-2 - Hybrid Shell Plan and IEA NZE50: this priceline applies Shell's mid-price outlook for the first 10 years (see Note 13). Because of the greater uncertainty for the period after 10 years, the International Energy Agency (IEA) normative Net Zero Emissions scenario is applied. This gives less weight to the price-risk uncertainty in the first 10 years reflected in the Operating Plan period and applies more risk to the more uncertain subsequent periods.

Applying this priceline to Integrated Gas assets of \$74 billion (2023: \$72 billion) and Upstream assets of \$77 billion (2023: \$84 billion) as at December 31, 2024, shows recoverable amounts that are \$7-10 billion (2023: \$8-10 billion) and up to \$1 billion (2023: \$1-3 billion) lower, respectively, than the carrying value as at December 31, 2024.

Priceline-3 - IEA NZE50: this priceline applies the International Energy Agency normative Net Zero Emissions by 2050 (IEA NZE50) scenario over the whole period under review. This priceline has been applied in order to also reflect the sensitivity to a pure net-zero emissions scenario from the IEA.

Applying this priceline to Integrated Gas assets of \$74 billion (2023: \$72 billion) and Upstream assets of \$77 billion (2023: \$84 billion) as at December 31, 2024, shows recoverable amounts that are \$21-27 billion (2023: \$15-20 billion) and \$5-7 billion (2023: \$3-5 billion) lower, respectively, than the carrying value as at December 31, 2024. For Integrated Gas the change in sensitivity compared with 2023 is largely driven by lower oil and Asia gas prices applied in sensitivity testing for the whole period under review.

Oil price assumptions



[A] The Network for Greening the Financial System (NGFS) is a group of 143 central banks and supervisors and 21 observers committed to sharing best practices, contributing to the development of climate- and environment-related risk management in the financial sector and mobilising mainstream finance to support the transition toward a sustainable economy. This scenario results from the NGFS GCAM model. This model embodies certain assumptions on the relationships between economic and energy output and climate interactions. This NGFS scenario shows a decline in world oil demand relative to the current policies baseline, in part a response to substitution away from fossil fuels. At the same time prices increase due to supply constraints.

[B] All figures are presented on RT24 basis unless noted differently.

The graph above shows the oil pricelines on a real-terms basis applied for the period until 2050 for Shell's mid-price outlook in comparison with the IEA announced pledges (IEA APS) scenario, the NGFS GCAM NZE 2050 scenario, the average prices from three 1.5-2°C external climate change scenarios (Priceline 1, above) and the IEA Net Zero Emissions by 2050 scenario (IEA NZE50, Priceline 3 above). The development of future oil prices is uncertain and oil prices have been subject to significant volatility in the past. Future oil prices may be impacted by future changes in macroeconomic factors, available supply, demand, geopolitical and other factors. The pricelines as per the scenarios NGFS GCAM NZE 2050, IEA APS, the average prices from three 1.5-2°C external climate change scenarios and IEA NZE50 differ from Shell's best estimate and view of the future oil price.

4. Climate change and energy transition continued**Sensitivity + 10% to the mid-price outlook**

	Carrying value		Sensitivity			
			\$ billion			
	Dec 31, 2024	Dec 31, 2023	2024	2023	2024	2023
Integrated Gas	74	72	2	4	2	4
Upstream	77	84	—	1	—	1
Total	151	156	2	5	2	5

Sensitivity averaged from three 1.5-2° C external climate change scenarios

	Carrying value		Sensitivity			
			\$ billion			
	Dec 31, 2024	Dec 31, 2023	2024	2023	2024	2023
Integrated Gas	74	72	(11)	(15)	(12)	(16)
Upstream	77	84	(1)	(3)	(3)	(5)
Total	151	156	(12)	(18)	(15)	(21)

Sensitivity IEA NZE50

	Carrying value		Sensitivity			
			\$ billion			
	Dec 31, 2024	Dec 31, 2023	2024	2023	2024	2023
Integrated Gas	74	72	(21)	(27)	(15)	(20)
Upstream	77	84	(5)	(7)	(3)	(5)
Total	151	156	(26)	(34)	(18)	(25)

Carbon price sensitivities**Carbon costs in the Operating Plan**

The Operating Plan includes capital expenditure and operating costs to achieve Scope 1 and 2 emission reduction targets (see above). These include asset level abatement project costs that drive efficiencies and reduce emissions, expected costs for evolving carbon regulations based on a forecast of Shell's equity share of emissions and costs of offsets for any residual amounts.

The total capital expenditure for abatement projects which includes energy efficiency improvements, the transformation of energy and chemicals parks, CCS facilities and electrification of our facilities included in the Operating Plan is in excess of \$6 billion. Total yearly carbon emission costs in Shell's Operating Plan gradually increase from \$1 billion in 2025 to \$5 billion in 2034 using the mid-price scenario. The sensitivity of carrying value of assets to changes in carbon prices is described in the section below.

Methods for estimating costs vary, depending on the nature of the cost. Abatement project costs to improve efficiencies and reduce emissions are estimated by applying a bottom-up approach where individual opportunities on an asset-level, project-by-project basis are identified.

Costs for evolving carbon regulations are based on a forecast of Shell's equity share of emissions and are included in the Operating Plan at Shell's mid-price outlook on a country-by-country basis and represent management's best estimate. In the short and near term, up to around 2030, costs for carbon emissions estimates are largely policy driven, through emissions trading schemes or taxation levied by governments which currently vary significantly on a country-by-country basis. Beyond 2030, where policy predictions are more challenging, the costs for carbon emissions are estimated based on the expected costs of abatement technologies required for 2050. The estimated costs are trending towards \$50 to \$230 per tonne (RT24), depending on the country, in 2050.

Sensitivity to changes in carbon price assumptions

There is significant uncertainty as to how carbon costs will develop over the next decades. These will depend on policies set by countries and the pace of the energy transition. In accordance with IFRS, Shell's financial statements are based on reasonable and supportable assumptions that represent management's current best estimate, which is policy based up to 2030 and then based on the mid-price outlook beyond 2030. As the risk of stranded assets is prevalent with higher carbon emission prices than anticipated, sensitivity analyses have only been undertaken for such a downside scenario. If the IEA NZE50 outlook is applied, this would impact the recoverability of certain assets recognised in the Consolidated Balance Sheet as at December 31, 2024. This scenario is not representative of management's mid-price reasonable best estimate.

Sensitivity of carrying value to carbon emission costs as described below is under the assumption that all other factors in the value in use models used to calculate recoverability of carrying value remain unchanged. Changes to carbon emission costs are applied for Integrated Gas, Upstream and Chemicals and Products because of the potential impact on Shell's business.

Sensitivity - 10% to the mid-price outlook

	Carrying value		Sensitivity			
			\$ billion			
	Dec 31, 2024	Dec 31, 2023	2024	2023	2024	2023
Integrated Gas	74	72	(4)	(6)	(4)	(6)
Upstream	77	84	(1)	(3)	(1)	(2)
Total	151	156	(5)	(9)	(5)	(8)

Sensitivity Hybrid Shell Plan + IEA NZE50

	Carrying value		Sensitivity			
			\$ billion			
	Dec 31, 2024	Dec 31, 2023	2024	2023	2024	2023
Integrated Gas	74	72	(7)	(10)	(8)	(10)
Upstream	77	84	—	(1)	(1)	(3)
Total	151	156	(7)	(11)	(9)	(13)

4. Climate change and energy transition continued

Applying the IEA NZE50 carbon price scenario to Integrated Gas assets of \$74 billion (2023: \$72 billion) and Upstream assets of \$77 billion (2023: \$84 billion), up to the end of life of these assets, shows recoverable amounts that are \$1-2 billion (2023: \$2-4 billion) lower for Integrated Gas and up to \$1 billion lower for Upstream than the carrying value as at December 31, 2024.

Applying the IEA NZE50 carbon price scenario to Chemicals and Products assets of \$38 billion shows recoverable amounts that are \$1-2 billion lower than the carrying value as at December 31, 2024. For Chemicals and Products, increased carbon cost could however potentially be recovered partially through increased product sale prices.

Sensitivity IEA NZE 2050 carbon price scenario

	Carrying value		Sensitivity				\$ billion
	Dec 31, 2024	Dec 31, 2023	2024	(2)	2023	(4)	
Integrated Gas	74	72	(1)	(2)	(2)	(4)	
Upstream	77	84	—	(1)	—	(1)	
Chemicals and Products	38	44	(1)	(2)	(3)	(4)	
Total	189	200	(2)	(5)	(5)	(9)	

For the key regions and countries the following carbon prices per tonne (RT24) have been assumed in the Operating Plan:

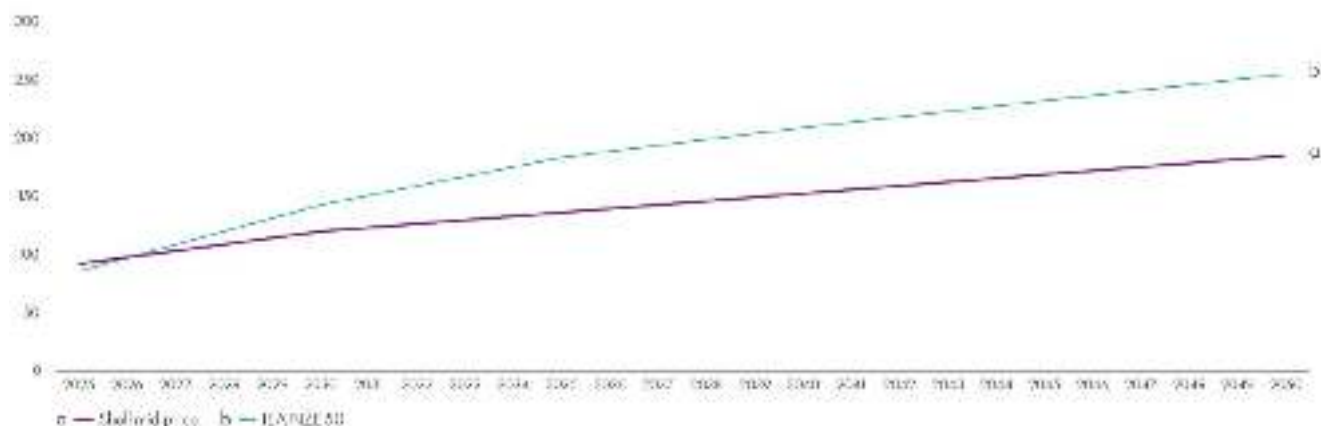
Region	Operating plan period	Subsequent period
	2025-2034	2035-2050
European Union [A]	\$92-\$133	\$136-\$185
Norway	\$181-\$230	\$230-\$230
United Kingdom	\$62-\$133	\$136-\$185
Canada (Federal)	\$69-\$115	\$115-\$125
United States of America (Federal)	\$0-\$25	\$31-\$125
Australia	\$32-\$76	\$80-\$150
All other countries	\$0-\$65	\$13-\$150

[A] Except for the Netherlands where the ranges are \$94-163 per tonne (2025-2034) and \$164-185 per tonne (2035-2050).

The graph below shows the carbon pricelines per tonne for the European Union on an RT24 basis under Shell's mid-price outlook that represents the best estimate as required to be applied under IFRS, in comparison with the IEA NZE50 scenario. The IEA NZE50 scenario differs from Shell's best estimate and view of future CO₂ prices. Sensitivity of carrying value to the IEA NZE50 carbon price scenario is provided above.

CO₂ prices - European Union

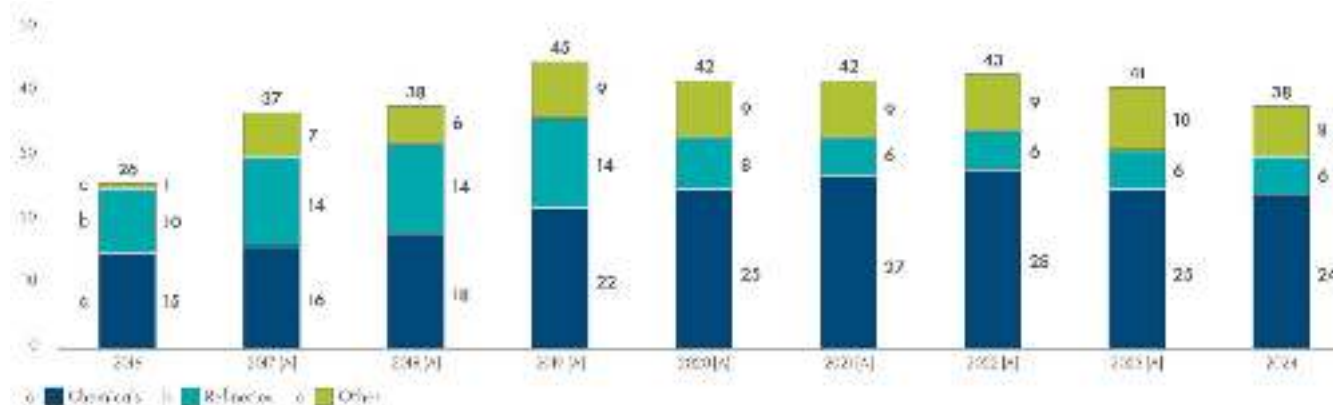
RT24 \$/tonne



4. Climate change and energy transition continued

Carrying value of Chemicals and Products assets

\$ billion as at December 31



[A] Following resegmentation in 2024 (see Note 7), prior period comparatives have been revised to conform with current year presentation with an offsetting impact between Marketing and Chemicals & Products segments.

Within Chemicals and Products, the assets potentially most sensitive to the energy transition are refineries.

Portfolio composition and changes

Since 2016, Shell's Chemicals and Products portfolio has evolved, shifting from 15 refineries at the end of 2016 to eight (of which one is classified as held for sale) at the end of 2024. During that period, Shell assumed the sole ownership of two refineries through the dissolution of the Motiva joint venture, and disposed of, converted or closed nine refineries. Further, during 2024 Shell agreed to sell one refinery (classified as assets held for sale at the end of 2024, see Note 19). The carrying value of refineries decreased from \$10 billion as at December 31, 2016, to less than \$6 billion as at December 31, 2024. In line with Shell's strategy, it is progressing the repurposing of its energy and chemicals parks; these key focused assets allows Shell to underpin its hydrocarbon energy sales and the sales of lower carbon products.

Estimated useful life

Refineries in the Chemicals and Products segment (carrying value as at December 31, 2024, \$6 billion (2023: \$6 billion)) may be impacted under a 2°C or less external climate scenario.

For refineries in Chemicals and Products, depreciation of assets is on a straight-line basis over the life of the assets, starting at the date the asset becomes available for use, over a period of 20 years (see Note 2). Over the course of the energy transition, the current carrying value of refineries will be fully depreciated, offset by anticipated investments in assets that are expected to be resilient in the energy transition as described above. Based on current depreciation of the carrying value as at December 31, 2024, and assuming no further investment, all refineries would be fully depreciated between four and 11 years.

In addition to refineries, further assets of \$32 billion include \$24 billion of assets in relation to Chemicals. This includes \$14 billion for the Pennsylvania chemical plant, which started operations in November 2022 and being a more efficient plant, it is expected to be more resilient in the energy transition. Chemical products are not produced with the aim to combust and consequently do not generate GHG emissions. Under the IEA NZE50 scenario chemical production volumes are not expected to decrease towards 2050, compared with current levels and hence chemical assets are expected to be resilient through the energy transition.

Other assets of \$8 billion include \$5 billion of assets mainly related to storage tanks, vessels, pipelines in trading and supply that are also expected to be resilient in the energy transition.

Price sensitivities

Where available Shell uses external climate scenarios for sensitivity testing. In relation to chemical and refining margin forecasts, no credible climate scenarios have been identified and consequently sensitivity testing is performed by providing sensitivity to changes in margins.

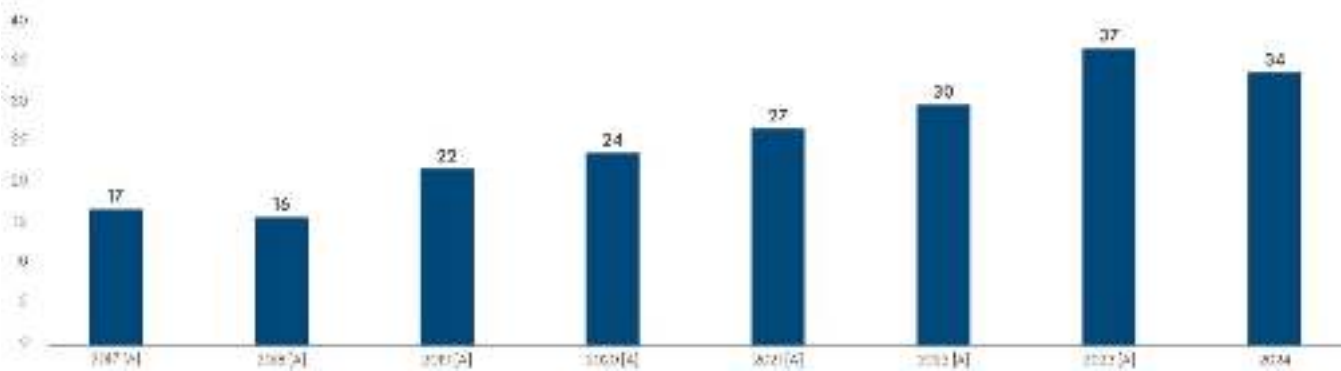
Chemical margins applied for impairment testing by reference to value in use are at an average of \$197.5/tonne (20-year average). A change of -\$30/tonne or +\$30/tonne in long-term chemical margins over the entire cash flow projection period would ceteris paribus result in up to \$0.5 billion (2023: up to \$2 billion) impairment or no impairment reversal, respectively, in Chemicals and Products (see Note 13).

Refining margins applied for impairment testing by reference to value in use are at an average of \$10/bbl (20-year). A change of -\$1/bbl or +\$1/bbl to the refining margin outlook over the entire cash flow projection period would ceteris paribus result in no impairment (2023: \$1-2 billion) or up to \$0.5 billion (2023: up to \$1 billion) impairment reversal respectively in Chemicals and Products (see Note 13).

Sensitivities to carbon prices are described in the section above.

4. Climate change and energy transition continued
Carrying value of Marketing assets

Carrying value of Marketing assets
\$ billion as at December 31



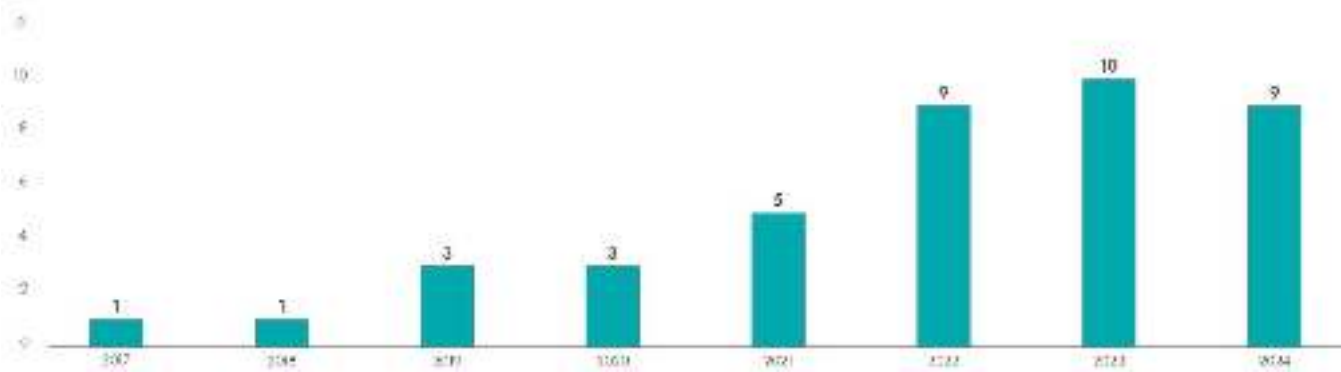
[A] Following resegmentation in 2024 (see Note 7), prior period comparatives have been revised to conform with current year presentation with an offsetting impact between Marketing and Chemicals & Products segments.

Portfolio composition and changes

Assets in the Marketing segment are expected to be resilient through the energy transition with a change in the product mix as the energy transition progresses. The demand for products sold – such as chemicals, lubricants, biofuels, bitumen, electric vehicle charging and convenience retail – is not expected to decrease and is expected to increase for a variety of these products in many markets. Shell is expanding networks of refuelling stations offering low-carbon fuels, including biofuels and various gaseous fuels, such as LNG and bio-LNG. As a result, the carrying value of these assets is not expected to be impacted by the energy transition or lower commodity price scenarios.

Carrying value of Renewables and Energy Solutions assets

Carrying value of Renewables and Energy Solutions assets
\$ billion as at December 31



Portfolio composition and changes

In 2024 Shell refreshed its renewable generation, energy marketing, and gas and power trading strategy, shifting Shell's asset portfolio towards energy storage and flexible generation with an increased focus on power trading and minimising new investments in offshore wind projects. The aim is to maximise returns from onshore positions using capital-light business models, debt finance and partnerships. The carrying value of assets in the Renewables and Energy Solutions segment in the balance sheet at December 31, 2024, is expected to be resilient through the energy transition.

4. Climate change and energy transition continued

Other energy transition considerations

Discount rate sensitivity

The discount rate applied for value in use impairment testing is based on a nominal post-tax weighted average cost of capital (WACC) and is determined at 7.5% except for the power activities in the Renewables and Energy Solutions segment where 6% is applied. The discount rate includes generic systematic risk for energy transition risk. In addition, cash flow projections applied in individual assets include specific asset risks, including risk of transition. An increase in systematic energy transition risk could lead to a higher WACC and consequently to a higher discount rate to be applied in impairment testing. An increase of the discount rate applied for impairment testing of 1% under the assumption that all other factors (such as commodity prices, product margins and carbon prices) in the models used to calculate recoverability of carrying value remain unchanged would lead to a change in the carrying value of \$1-3 billion (2023: \$2-4 billion) in Integrated Gas and Upstream, and no significant impairment in other segments (2023: up to \$1 billion in Chemicals and Products).

Global oil and gas demand considerations

A decrease in global demand and unchanged supply of oil and gas would probably lead to a decrease in price (see price sensitivity above). During 2024, Shell's production of oil and gas accounted for some 1.5% and 2% of total global production of oil and gas respectively. Changes in global oil and gas demand are therefore not expected to directly impact the ability to sell volumes of oil and gas produced by Shell at market prices.

Deferred tax assets

In general, it is expected that sufficient deferred tax liabilities and forecasted taxable profits within the planning period of 10 years are available for recovery of the deferred tax assets recognised at December 31, 2024. Integrated Gas and Upstream deferred tax assets recognised are expected to be recovered within the period of production of each asset. For deferred tax assets of \$625 million as at December 31, 2024 (2023: \$241 million) this period extends beyond 10 years. Deferred tax assets in Chemicals and Products and in Marketing expected to be recovered in more than 10 years (between 11 and 20 years) are \$315 million as at December 31, 2024 (2023: \$455 million) for which the forecasted taxable profits to determine recoverability have been risked. (See Note 23).

Decommissioning and other provisions

The energy transition may result in decommissioning and restoration occurring earlier than expected. The risk on the timing of decommissioning and restoration activities for Integrated Gas and Upstream fields is limited, supported by production plans in the foreseeable future (see "Estimated useful life" above). Acceleration of decommissioning and restoration activities has also been reflected in the assessment of the appropriate discount rate. On an undiscounted basis the provision for decommissioning and restoration as at December 31, 2024 was \$32 billion (2023: \$33 billion), recognised on a discounted basis in the Consolidated Balance Sheet as at December 31, 2024 at \$18 billion (2023: \$19 billion). Sensitivity to changes in the discount rate is provided in Note 25.

Historically, in Chemicals and Products, it was industry practice not to recognise decommissioning and restoration provisions associated with manufacturing facilities. This was on the basis that these assets were considered to have indefinite lives, so it was considered remote that an outflow of economic benefits would be required. In 2020, Shell considered the changed macroeconomic fundamentals, together with Shell's plans to rationalise the Group's manufacturing portfolio. Shell also reconsidered whether it remained appropriate not to recognise decommissioning and restoration provisions for manufacturing facilities. Since 2020, decommissioning and restoration provisions are recognised for certain shorter-lived manufacturing facilities (see Notes 25 and 32). The energy and chemicals parks are considered longer-lived facilities that are expected to be resilient in the energy transition, and decommissioning would generally be more than 50 years away.

Onerous contracts

Closure or early termination of activities may lead to supply contracts becoming onerous. Onerous contract provisions (see Note 25) have been recognised as at December 31, 2024, to reflect changes in expected future utilisation of certain assets. These include contracts in relation to unused terminals and refineries. The total carrying value of the provision for onerous contracts as at December 31, 2024 was \$1.1 billion (2023: \$1.1 billion) principally related to contracts in relation to unused terminals and refineries.

Dividend resilience

External stakeholders have requested disclosures on how climate change affects dividend-paying capacity. If a further impairment had been recognised in 2024 using any of the climate change scenarios described above, this would not have impacted the ability to pay dividends in this financial year because of strong cash flow generation and financial reserves. Had Shell applied the IEA NZE50 scenario (see above), and if this had led to a decrease in the recoverable amount of Integrated Gas and Upstream assets of \$26-34 billion and recognition of an equivalent impairment, this would not have impacted the distributable reserves available to Shell from which to pay dividends in 2024. This is on the basis that such impairment would have resulted in part-realisation of the merger reserve recognised by the Company of \$234 billion as at December 31, 2024.

A forward-looking statement regarding future dividend-paying capacity cannot be provided because of unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements.

4. Climate change and energy transition continued

Physical risks

The potential impact of physical risks comes from both acute and chronic climate hazards. Acute hazards, such as flooding and droughts, wildfires and more severe tropical storms, and chronic hazards, such as rising temperatures and rising sea levels, could impact some of Shell's facilities, operations and supply chains. The frequency of these hazards and impacts is expected to increase in certain locations. Extreme weather events, whether or not related to climate change, could have a negative impact on Shell's earnings, cash flows and financial condition. Mitigation of physical risks, whether or not related to climate change, is considered and embedded in the design and construction of Shell's projects, and/or operation of its assets to minimise the risk of adverse incidents to Shell's employees and contractors, the communities where Shell operates, and Shell's equipment.

In 2023, Shell carried out a detailed review to assess the impact of a range of changing climatic conditions, including projected changes in temperature, precipitation, wind and sea levels, across segments and geographies for Shell's significant assets. Shell used IPCC climate modelling data covering three exploratory climate scenarios (RCP2.6, RCP4.5 and RCP8.5) across the time-horizons 2025, 2030 and 2050. These scenarios were selected to ensure a broad range of risks and uncertainties were assessed. There have been no changes to the climate modelling data that would require a full update of the 2023 assessment. Shell has confirmed there are no changes to the risk profile of Shell's significant assets and accounted for portfolio changes. In the short to medium term, the risks identified were found to be related to factors that Shell is already aware of (whether or not related to climate change) and that the assets are actively managing to mitigate, e.g. hurricane impacts in the US Gulf Coast, rising air temperatures in the Middle East and water scarcity in Europe and Asia. As an example, in recent years the Rhine river in Europe has seen historic lows during the summer months leading to challenges in the use of barges for transportation of Shell's products. Dredging of harbours and investment in shallower-draft barges have helped to mitigate the risk. In the long term, the results of the exercise indicated that while have evaluated against current climate modelling projections and Shell's current asset portfolio, by 2050 the frequency and severity of the climate hazards may differ from current projections. The level of predictability is such that the need for investment in climate adaptation measures at the assets is not immediate and the results mean Shell is in a position to monitor the assets and determine whether there is any need for adaptation action, e.g. the impact of potential water scarcity on various assets. Shell's testing to assess the potential impact of climate-related changes on its significant assets covers over 70% of the carrying value of Shell's physical assets as at December 31, 2023. Over 12% (based on the carrying value) of physical assets tested are considered to be exposed to climate-related physical risks in the short to medium term which the assets are already actively managing to mitigate. In addition, Shell reviewed significant acquisitions made in 2023 and 2024, none of which were found to have significant climate-related physical risks in the short to medium term. Shell's plan reflects the impact of mitigating actions in the short to medium term for the assets assessed. Shell will continue to monitor and assess the future exposure of Shell's assets in the longer term to changing climatic conditions to establish the need for any further adaptation actions and related metrics.

The impact of physical climate change on Shell's operations is unlikely to be limited to the boundaries of Shell's assets. For example, the downstream transportation and distribution of Shell's products from its own operations could potentially be exposed to climate-related hazards that ultimately impact Shell's operations. The overall impact, including how supply chains, resource availability and markets may be affected, also needs to be considered for a holistic assessment of this risk. Shell's assets manage this risk as part of broad risk and threat management processes as required by Shell's Environment and Asset Management (SEAM) standards, part of the wider Shell Performance Framework.

5. Emission schemes and related environmental programmes

Emission trading and related schemes

In general, emission trading schemes (ETS) are mandated governmental schemes to control emission levels and enhance clean energy transition, allowing for the trading of emission certificates. In most ETS, governments set an emission cap for one or more sectors. Generally, entities in scope of the scheme are allowed to buy emission certificates to cover shortages or sell surplus emission certificates. In certain countries, emissions are priced through a carbon tax. For Shell, the most significant carbon pricing mechanisms are established in Europe, Canada and Singapore.

Biofuel programmes

Biofuel programmes are mandated governmental schemes that set binding national targets on the share of renewables in fuel consumption or measures on reducing GHG emissions by fuel suppliers. Biofuels are blended with existing fuels, such as gasoline and diesel, to reduce net emissions. The share of biofuels in the total sales mix of fuel is used to comply with regulatory requirements. This can be achieved by the blending of biofuels in refineries and/or distribution depots (self-blending), through import of biofuels (for jurisdictions that grant biofuels certificates at the point of import) or by the purchasing of certificates from third parties (for jurisdictions that have a tradable biofuel certificates mechanism). Biofuel programmes also include regulatory requirements to pay a levy for the combustion of fossil fuels, based on CO₂ emitted – mainly related to the German Fuel Emissions Trading Act (BEHG) which has applied since January 1, 2021.

Renewable power programmes

Renewable power programmes create a financial incentive to consume power that is sourced from renewable origins or require that a minimum percentage of power sold meets the green definition of the relevant standard. These regulations are typically accompanied by schemes supporting investments in the renewable technology. Renewable power programmes generally use certificates to monitor compliance, where renewable power certificates are granted for each MWh of energy generated that meets the predefined renewable criteria. Shell's compliance obligation under renewable power programmes comes primarily from energy supply and results from regulations applying in Europe, North America and Australia.

Cost of emission schemes and related environmental programmes recognised in the Consolidated Statement of Income

	2024	2023	2022
			\$ million
ETS and related schemes	381	493	493
Biofuels [A]	2,942	2,581	2,918
Renewable power	623	552	594
Total	3,946	3,626	4,005

[A] Represents the cost of biofuel certificates required for compliance purposes over and above those generated from self-blending activities.

Purchased environmental certificates (presented under Other intangible assets, see Note 11) [A]

	ETS and related schemes	Biofuels	Renewable power	Total
				\$ million
At January 1, 2024	441	1,805	145	2,391
Additions	299	3,146	417	3,862
Settlements	(392)	(2,804)	(411)	(3,607)
Other movements	(47)	(65)	(20)	(132)
At December 31, 2024	301	2,082	131	2,514
At January 1, 2023	440	1,601	160	2,201
Additions	396	2,955	486	3,837
Settlements	(413)	(2,783)	(451)	(3,647)
Other movements	18	32	(50)	—
At December 31, 2023	441	1,805	145	2,391

[A] Relates to environmental certificates held for compliance purposes.

5. Emission schemes and related environmental programmes continued**Obligation (presented under Other payables, see Note 20)**

	ETS and related schemes	Biofuels	Renewable power	\$ million Total
At January 1, 2024				
Current	(498)	(3,012)	(343)	(3,853)
Non-current	—	(105)	(88)	(193)
	(498)	(3,117)	(431)	(4,046)
Additions	(1,051)	(2,981)	(612)	(4,644)
Additions covered by government grants	675 [A]			675
Settlements	453	3,011	467	3,931
Other movements	33	85	31	149
	110	115	(114)	111
At December 31, 2024				
Current	(388)	(2,594)	(536)	(3,518)
Non-current	—	(408)	(9)	(417)
	(388)	(3,002)	(545)	(3,935)
At January 1, 2023				
Current	(458)	(3,424)	(350)	(4,232)
Non-current	—	(422)	(56)	(478)
	(458)	(3,846)	(406)	(4,710)
Additions	(1,244)	(2,593)	(597)	(4,434)
Additions covered by government grants	762 [A]			762
Settlements	479	3,386	492	4,357
Other movements	(37)	(64)	80	(21)
	(40)	729	(25)	664
At December 31, 2023				
Current	(498)	(3,012)	(343)	(3,853)
Non-current	—	(105)	(88)	(193)
	(498)	(3,117)	(431)	(4,046)

[A] Emission certificates that were allocated free of charge at an equivalent fair value at grant date.

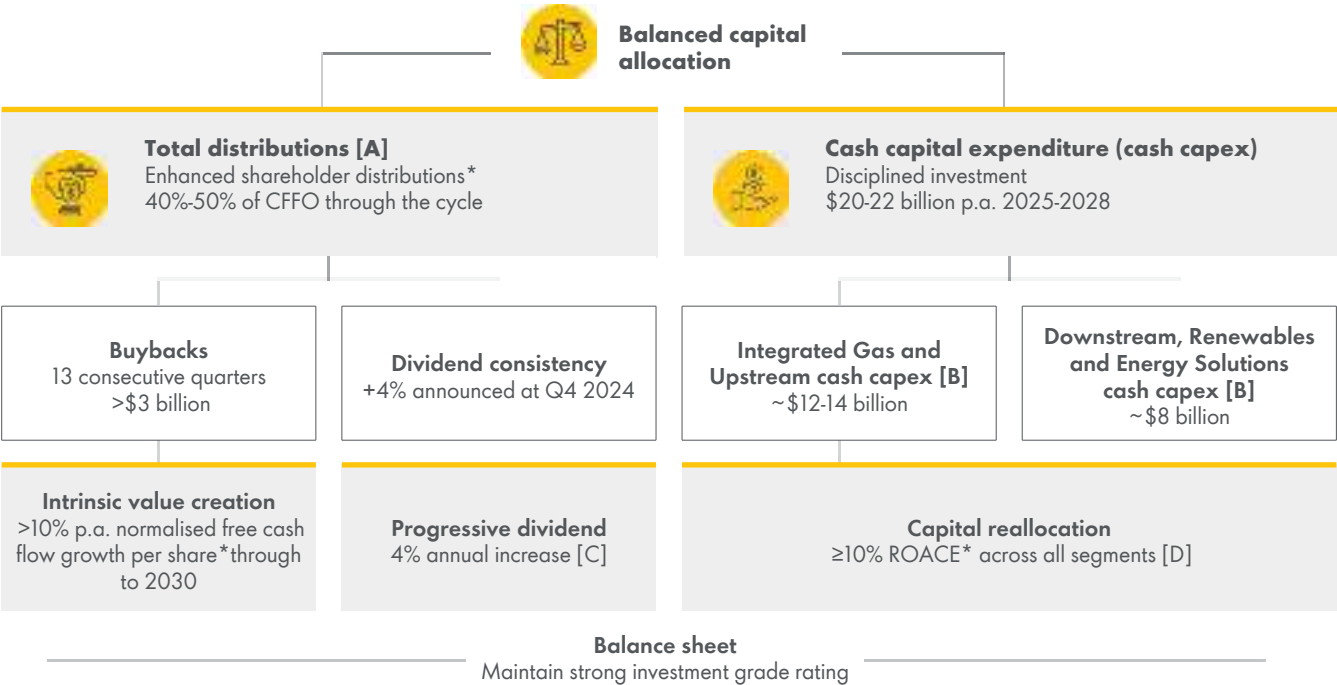
Environmental certificates acquired that are held for compliance purposes are recognised at cost under other intangible assets (see Note 11). In addition, a portfolio of environmental certificates is held for trading purposes and classified under inventory (see Note 2 and Note 17). Environmental certificates held for trading purposes can be redesignated for compliance purposes and then used to settle compliance obligations.

Cost recognised in the Consolidated Statement of Income represents the compliance cost associated with emissions or with products sold during the year. The liability at year-end represents the compliance cost recognised over current and past compliance periods to the extent not settled to date. Liabilities are settled in line with compliance periods, which depend on the scheme and may not coincide with the calendar year.

The figures present compliance schemes only, excluding voluntary activities.

6. Capital management

Shell manages its businesses to deliver strong cash flows to sustain its strategy and for profitable growth. Management's current priorities for applying Shell's cash are:



[A] Total shareholder distributions (dividends + share buybacks) based on cash generation, macro-outlook and balance sheet trajectory.
[B] The Integrated Gas and Upstream cash capex includes expenditures related to the Integrated Gas and Upstream segments. The Downstream, Renewables and Energy Solutions cash capex includes expenditures for the Marketing, Chemicals and Products, and Renewables and Energy Solutions segments. (See Note 7)
[C] Subject to Board approval as well as shareholder approval at the 2025 Annual General Meeting.
[D] Price normalised ROACE on an Adjusted Earnings plus non-controlling interest basis.
* Non-GAAP measure (see page 445).

7. Segment information

General information

Shell is an international energy company engaged in the principal aspects of the energy and petrochemical industries and reports its business through segments: Integrated Gas, Upstream, Marketing, Chemicals and Products, Renewables and Energy Solutions, and Corporate.

With effect from January 1, 2024, Wholesale Commercial Fuels forms part of Mobility with inclusion in the Marketing segment (previously Chemicals and Products segment). The change in segmentation reflects the increasing alignment between the economic characteristics of wholesale commercial fuels and other Mobility businesses, and is consistent with changes in the information provided to the Chief Executive Officer, who serves as the Chief Operating Decision Maker. Prior period comparatives have been revised to conform with current year presentation with an offsetting impact between the Marketing and the Chemicals and Products segments. Also, from January 1, 2024, Shell's longer-term innovation portfolio is managed centrally and hence reported as part of the Corporate segment (previously all other segments). Prior period comparatives have been revised to conform with current year presentation with an offsetting impact on all the other segments.

The Integrated Gas segment includes liquefied natural gas (LNG), conversion of natural gas into gas-to-liquids (GTL) fuels and other products. It includes natural gas and liquids exploration and extraction, and the operation of the upstream and midstream infrastructure necessary to deliver these to market. The segment also includes the marketing, trading and optimisation of LNG.

The Upstream segment includes exploration and extraction of crude oil, natural gas and natural gas liquids. It also markets and transports oil and gas, and operates the infrastructure necessary to deliver them to the market.

The Marketing segment comprises the Mobility, Lubricants, and Sectors & Decarbonisation businesses. The Mobility business operates Shell's retail network, including electric vehicle charging services and the wholesale commercial fuels business which provides fuels for transport, industry and heating. The Lubricants business produces, markets and sells lubricants for road transport and machinery used in manufacturing, mining, power generation, agriculture and construction. The Sectors & Decarbonisation business sells fuels, speciality products and services, including low-carbon energy solutions, to a broad range of commercial customers, including the aviation, marine and agricultural sectors.

The Chemicals and Products segment includes chemical manufacturing plants, with their own marketing network, and refineries, which turn crude oil and other feedstocks into a range of oil products which are moved and marketed around the world for domestic, industrial and transport use. The segment also includes the pipeline business, trading and optimisation of crude oil, oil products and petrochemicals, and oil sands activities (the extraction of bitumen from mined oil sands and its conversion into synthetic crude oil).

7. Segment information continued

The Renewables and Energy Solutions segment includes activities such as renewable power generation, the marketing and trading and optimisation of power and pipeline gas, as well as carbon credits and digitally enabled customer solutions. The segment also includes production and marketing of hydrogen, development of commercial carbon capture and storage hubs, investment in nature-based projects that avoid or reduce carbon emissions, and Shell Ventures, which invests in companies that work to accelerate the energy and mobility transformation.

The Corporate segment covers the non-operating activities supporting Shell. The segment comprises Shell's holdings and treasury organisation, its self-insurance activities, headquarters and central functions, and centrally managed longer-term innovation portfolio. All finance expense and income and related taxes are included in Corporate segment earnings rather than in the earnings of business segments.

Basis of segmental reporting

Sales between segments are based on prices generally equivalent to commercially available prices. Third-party revenue and non-current assets information by geographical area are based on the country of operation of the Group subsidiaries that report this information. Separate disclosure is provided for the UK as this is the Company's country of domicile.

Segment earnings are presented on a current cost of supplies basis (CCS earnings), which was the earnings measure used by the Chief Executive Officer for the purposes of making decisions about allocating resources and assessing performance. On this basis, the purchase price of volumes sold during the period is based on the current cost of supplies during the same period after making allowance for the tax effect. CCS earnings therefore exclude the effect of changes in the oil price on inventory carrying amounts.

Finance expense and income related to core financing activities, as well as related taxes, are included in the Corporate segment earnings rather than in the earnings of the business segments.

Information by segment on a current cost of supplies basis is as follows:

2024

\$ million

	Integrated Gas	Upstream	Marketing	Chemicals and Products	Renewables and Energy Solutions	Corporate	Total
Revenue:							
Third-party	37,290	6,606	120,089	90,918	29,366	43	284,312
Inter-segment	8,715	39,939	4,938	38,381	4,971	–	96,944
Share of profit/(loss) of joint ventures and associates (CCS basis)	1,931	1,189	6	648	(807)	–	2,967
Interest and other income, of which:	48	609	(432)	121	242	1,136	1,724
Interest income	8	18	1	79	2	2,264	2,372
Net (losses)/gains on sale and revaluation of non-current assets and businesses	(100)	89	(399)	6	119	(3)	(288)
Other	140	502	(34)	36	121	(1,125)	(360)
Third-party and inter-segment purchases (CCS basis)	24,055	7,368	107,210	114,972	31,074	(3)	284,676
Operating expenses, of which:	4,442	9,790	10,681	8,392	2,915	697	36,917
Production and manufacturing expenses	4,153	9,351	1,322	6,605	1,934	14	23,379
Selling, distribution and administrative expenses	164	176	9,150	1,636	887	426	12,439
Research and development expenses	125	263	209	151	94	257	1,099
Exploration expenses	414	1,997	–	–	–	–	2,411
Depreciation, depletion and amortisation charge, of which:	6,150	11,223	3,866	4,700	907	26	26,872
Impairment losses	564	327	1,633	1,319	658	1	4,502 [A]
Impairment reversals	(9)	(75)	(1)	(114)	(134)	–	(333) [B]
Interest expense	189	806	56	70	6	3,660	4,787
Taxation charge/(credit) (CCS basis)	3,144	9,387	894	177	99	(209)	13,492
CCS earnings	9,590	7,772	1,894	1,757	(1,229)	(2,992)	16,792

[A] Impairment losses comprise Property, plant and equipment (\$3,673 million), Goodwill (\$510 million) and Other intangible assets (\$319 million). (See Note 13).

[B] Impairment reversals comprise Property, plant and equipment (\$333 million). (See Note 13).

7. Segment information continued

2023

							\$ million
	Integrated Gas	Upstream	Marketing [A]	Chemicals and Products [A]	Renewables and Energy Solutions	Corporate	Total
Revenue:							
Third-party	37,645	6,475	130,559	97,080	44,819	42	316,620
Inter-segment	11,560	41,230	5,299	42,816	4,707	–	105,612 [A]
Share of profit/(loss) of joint ventures and associates (CCS basis)	1,951	768	561	577	(96)	(3)	3,758
Interest and other income, of which:	137	671	73	64	75	1,818	2,838
Interest income	6	27	9	57	12	2,202	2,313
Net gains/(losses) on sale and revaluation of non-current assets and businesses	(22)	209	1	(46)	110	5	257
Other	153	435	63	53	(47)	(389)	268
Third-party and inter-segment purchases (CCS basis)	27,356	7,890	118,912	123,337	40,170	15	317,680 [A]
Operating expenses, of which: [B]	4,809	9,830	11,142	9,598	3,763	818	39,960
Production and manufacturing expenses	4,529	9,186	1,463	7,394	2,610	58	25,240
Selling, distribution and administrative expenses [B]	154	326	9,427	2,022	1,058	446	13,433
Research and development expenses [B]	126	318	252	182	95	314	1,287
Exploration expenses	216	1,534	–	–	–	–	1,750
Depreciation, depletion and amortisation charge, of which:	8,903	12,463	2,477	6,269	1,159	19	31,290
Impairment losses	3,472	1,360	430	2,777	908	–	8,947 [C]
Impairment reversals	(324)	(206)	(1)	(90)	(141)	–	(762) [D]
Interest expense	146	507	53	61	4	3,902	4,673
Taxation charge/(credit) (CCS basis) [B]	2,806	8,380	851	(210)	1,320	47	13,194
CCS earnings [B]	7,057	8,540	3,057	1,482	3,089	(2,944)	20,281

[A] From January 1, 2024, Wholesale Commercial Fuels has been reallocated from the Chemicals and Products segment to the Marketing segment. Comparatives for the year 2023 have been reclassified accordingly for each of the above financial parameters to conform with current period presentation. The net impact on CCS earnings is \$104 million.

[B] From January 1, 2024, costs for Shell's centrally managed longer-term innovation portfolio are reported as part of the Corporate segment. Comparatives for Corporate for the year 2023 have been reclassified accordingly to conform with current period presentation. The net impact on CCS earnings is \$133 million with offsetting impact in all other segments.

[C] Impairment losses comprise Property, plant and equipment (\$8,182 million), Goodwill (\$635 million) and Other intangible assets (\$130 million). (See Note 13).

[D] Impairment reversals comprise Property, plant and equipment (\$627 million) and Other intangible assets (\$135 million). (See Note 13).

7. Segment information continued

2022

							\$ million
	Integrated Gas	Upstream	Marketing [A]	Chemicals and Products [A]	Renewables and Energy Solutions	Corporate	Total
Revenue:							
Third-party	54,751	8,352	149,439	115,541	53,190	41	381,314
Inter-segment	18,412	52,285	6,195	48,999	6,791	–	132,682 [A]
Share of profit/(loss) of joint ventures and associates (CCS basis)	1,219	2,111	249	362	(7)	(4)	3,930
Interest and other income, of which:	(714)	726	(82)	222	57	706	915
Interest income	43	22	–	24	(2)	959	1,046
Net gains/(losses) on sale and revaluation of non-current assets and businesses	101	437	(169)	265	8	–	642
Other	(858) [C]	267	87	(67)	51	(253)	(773)
Third-party and inter-segment purchases (CCS basis)	37,785	10,666	140,368	147,069	57,024	(28)	392,884 [A]
Operating expenses, of which: [B]	5,226	10,321	10,149	9,564	3,547	669	39,476
Production and manufacturing expenses	4,907	9,676	1,293	7,100	2,520	22	25,518
Selling, distribution and administrative expenses [B]	207	327	8,631	2,303	972	443	12,883
Research and development expenses [B]	112	318	225	161	55	204	1,075
Exploration expenses	240	1,472	–	–	–	–	1,712
Depreciation, depletion and amortisation charge, of which:	2,211	10,334	2,027	3,162	777	18	18,529
Impairment losses	115	950	479	357	412	–	2,313 [D]
Impairment reversals	(3,449)	(2,504)	(151)	(73)	–	–	(6,177) [E]
Interest expense	84	345	47	21	2	2,682	3,181
Taxation charge/(credit) (CCS basis) [B]	5,901	14,078	918	928	(292)	(36)	21,497
CCS earnings [B]	22,221	16,258	2,292	4,380	(1,027)	(2,562)	41,562

[A] From January 1, 2024, Wholesale Commercial Fuels has been reallocated from the Chemicals and Products segment to the Marketing segment. Comparatives for the year 2023 have been reclassified accordingly for each of the above financial parameters to conform with current period presentation. The net impact on CCS earnings is \$158 million.

[B] From January 1, 2024, costs for Shell's centrally managed longer-term innovation portfolio are reported as part of the Corporate segment. Comparatives for Corporate for the year 2023 have been reclassified accordingly to conform with current period presentation. The net impact on CCS earnings is \$101 million with offsetting impact in all other segments.

[C] Includes the full write-down of the Nord Stream 2 loan amounting to \$1,126 million as a result of the withdrawal from Russian oil and gas activities.

[D] Impairment losses comprise Property, plant and equipment (\$1,799 million), Goodwill (\$361 million) and Other intangible assets (\$153 million). (See Note 13).

[E] Impairment reversals fully comprise Property, plant and equipment. (See Note 13).

Reconciliation of CCS earnings to income for the period

				\$ million
	2024	2023	2022	
Income attributable to Shell plc shareholders	16,094	19,359	42,309	
Income attributable to non-controlling interest	427	277	565	
Income for the period	16,521	19,636	42,874	
Current cost of supplies adjustment:				
Purchases	388	815	(1,714)	
Taxation	(91)	(203)	444	
Share of profit of joint ventures and associates	(26)	33	(42)	
Current cost of supplies adjustment	271	645	(1,312)	
Of which:				
Attributable to Shell plc shareholders	257	650	(1,196)	
Attributable to non-controlling interest	14	(5)	(116)	
CCS earnings	16,792	20,281	41,562	
Of which:				
CCS earnings attributable to Shell plc shareholders	16,351	20,008	41,113	
CCS earnings attributable to non-controlling interest	441	273	449	

7. Segment information continued

Information by geographic area is as follows:

2024

					\$ million
	Europe	Asia, Oceania, Africa	USA	Other Americas	Total
Third-party revenue, by origin	92,480 [A]	98,343	65,089	28,400	284,312
Goodwill, other intangible assets, property, plant and equipment, joint ventures and associates at December 31	40,971 [B]	88,588	55,245	49,372	234,176

[A] Includes \$28,011 million that originated from the UK.

[B] Includes \$15,822 million located in the UK (excluding assets reclassified as held for sale). (See Note 19).

2023

					\$ million
	Europe	Asia, Oceania, Africa	USA	Other Americas	Total
Third-party revenue, by origin	118,135 [A]	99,967	70,291	28,227	316,620
Goodwill, other intangible assets, property, plant and equipment, joint ventures and associates at December 31	48,008 [B]	91,374	57,261	49,562	246,205

[A] Includes \$44,815 million that originated from the UK.

[B] Includes \$21,478 million located in the UK.

2022

					\$ million
	Europe	Asia, Oceania, Africa	USA	Other Americas	Total
Third-party revenue, by origin	135,975 [A]	126,643	87,085	31,611	381,314
Goodwill, other intangible assets, property, plant and equipment, joint ventures and associates at December 31	40,161 [B]	97,019	59,233	51,794	248,207

[A] Includes \$50,236 million that originated from the UK.

[B] Includes \$20,772 million located in the UK.

Cash capital expenditure

Cash capital expenditure is a measure used by the Chief Executive Officer for the purposes of making decisions about allocating resources and assessing performance.

2024

							\$ million
	Integrated Gas	Upstream	Marketing	Chemicals and Products	Renewables and Energy Solutions	Corporate	Total [A]
Capital expenditure	4,095	7,739	2,357	2,943	2,338	129	19,601
Investments in joint ventures and associates	672	150	88	347	138	9	1,404
Investments in equity securities	—	1	—	—	73	6	80
Cash capital expenditure	4,767	7,890	2,445	3,290	2,549	144	21,085

[A] See Consolidated Statement of Cash Flows.

7. Segment information continued**2023**

							\$ million
	Integrated Gas	Upstream	Marketing [A]	Chemicals and Products [A]	Renewables and Energy Solutions	Corporate	Total [B]
Capital expenditure	3,491	8,249	5,741	2,928	2,314	270	22,993
Investments in joint ventures and associates	705	94	49	84	261	9	1,202
Investments in equity securities	—	—	—	2	106	89	197
Cash capital expenditure	4,196	8,343	5,790	3,014	2,681	368	24,392

[A] Revised to conform with reporting segment changes applicable from 2024.

[B] See Consolidated Statement of Cash Flows.

2022

							\$ million
	Integrated Gas	Upstream	Marketing [A]	Chemicals and Products [A]	Renewables and Energy Solutions	Corporate	Total [B]
Capital expenditure	3,433	8,020	4,674	3,688	2,610	175	22,600
Investments in joint ventures and associates	832	123	304	2	703	9	1,973
Investments in equity securities	—	—	—	1	156	103	260
Cash capital expenditure	4,265	8,143	4,978	3,691	3,469	287	24,833

[A] Revised to conform with reporting segment changes applicable from 2024.

[B] See Consolidated Statement of Cash Flows.

8. Revenue [A]

				\$ million
	2024	2023	2022	
Crude oil	40,625	39,609	46,523	
Oil products	129,554	144,985	173,840	
Natural gas and NGL	19,309	28,010	42,598	
LNG	30,923	32,976	44,967	
Power	11,566	11,822	5,801	
Lubricants	11,511	11,548	11,195	
Chemicals products	8,529	8,360	11,524	
Other [B]	22,330	23,703	33,158	
Revenue from contracts with customers	274,347	301,013	369,606	
Revenue from other sources	9,965	15,607	11,708	
Total revenue	284,312	316,620	381,314	

[A] Note 7 contains a detailed analysis of the total revenue from customer contracts and other sources, broken down by segment and geographic area.

[B] Other primarily includes sales of Naphtha, LPG, Condensate, (refined) Bitumen, and revenue from smaller sales of various other products.

Revenue from other sources related to fair value accounting of commodity derivatives

9. Interest and other income

	\$ million		
	2024	2023	2022
Interest income	2,372	2,313	1,046
Dividend income (from investments in equity securities)	83	49	216
Net (losses)/gains on sale and revaluation of non-current assets and businesses	(288)	257	642
Net foreign exchange losses on financing activities	(1,025) [A]	(458)	(340)
Other	582	677	(649)
Total	1,724	2,838	915

[A] Net foreign exchange losses on financing activities include a \$1,124 million loss from cumulative currency translation differences reclassified to profit and loss. This reclassification was mainly due to changes in the funding structure of Shell's UK businesses. These differences were previously recognised in equity as part of accumulated other comprehensive income.

Other includes amounts recognised in respect of sublease income from partners in joint operations (2024: \$493 million, 2023: \$418 million, 2022: \$319 million).

In 2022, Other included the full write-down of the Nord Stream 2 loan amounting to \$1,126 million as a result of Shell's withdrawal from Russian oil and gas activities.

10. Interest expense

	\$ million		
	2024	2023	2022
Interest incurred and similar charges	2,800	2,669	1,971
Interest expense related to leases	1,722	1,772	1,724
Less: interest capitalised	(638)	(532)	(950)
Other net (gains)/losses on fair value and cash flow hedges of debt	(71)	45	(71)
Accretion expense	974	719	507
Total	4,787	4,673	3,181

The rate applied in determining the amount of interest capitalised in 2024 was 4.0% (2023: 4.0%; 2022: 4.0%).

11. Goodwill and other intangible assets**2024**

		Other intangible assets			\$ million
	Goodwill	LNG off-take and sales contracts	Environmental certificates	Other	Total
Cost					
At January 1	18,542	9,734	2,391	9,642	21,767
Additions	155	—	3,862	594	4,456
Sales, retirements and other movements [A]	(195)	(3,147)	(3,668)	(180)	(6,995)
Currency translation differences	(220)	—	(71)	(258)	(329)
At December 31	18,282	6,587	2,514	9,798	18,899
Depreciation, depletion and amortisation, including impairments					
At January 1	1,882	6,751		4,763	11,514
Charge for the year [B]	510	590		744	1,334
Sales, retirements and other movements [A]	(101)	(3,147)		(169)	(3,316)
Currency translation differences	(41)	—		(113)	(113)
At December 31	2,250	4,194		5,225	9,419
Carrying amount at December 31	16,032	2,393	2,514	4,573 [C]	9,480

[A] Includes the reclassification of assets classified as held for sale. (See Note 19).

[B] Includes impairment losses and reversals (except for Goodwill). (See Note 13).

[C] Includes software (\$1,013 million), power purchase agreements, retail customer relationships and trademarks.

11. Goodwill and other intangible assets continued**2023**

					\$ million
			Other intangible assets		
	Goodwill	LNG off-take and sales contracts	Environmental certificates	Other	Total
Cost					
At January 1	17,557	9,833	2,201	8,158	20,192
Additions	1,436	—	3,837	1,721 [C]	5,558
Sales, retirements and other movements [A]	(506)	(99)	(3,714)	(376)	(4,189)
Currency translation differences	55	—	67	139	206
At December 31	18,542	9,734	2,391	9,642	21,767
Depreciation, depletion and amortisation, including impairments					
At January 1	1,518	6,060		4,470	10,530
Charge for the year [B]	635	790		442	1,232
Sales, retirements and other movements [A]	(296)	(99)		(222)	(321)
Currency translation differences	25	—		73	73
At December 31	1,882	6,751		4,763	11,514
Carrying amount at December 31	16,660	2,983	2,391	4,879 [D]	10,253

[A] Includes the reclassification of assets classified as held for sale. (See Note 19).

[B] Includes impairment losses and reversals. (See Note 13).

[C] Includes feedstock supply contracts and intellectual property rights (\$948 million) from an acquisition in Marketing and software (\$357 million) primarily in Integrated Gas and Marketing.

[D] Includes software (\$829 million), power purchase agreements, retail customer relationships and trademarks.

Goodwill at December 31, 2024, related principally to the acquisition of BG Group plc in 2016, allocated to Integrated Gas (\$4,945 million) and Upstream (\$5,294 million) at the operating segment level, and to Pennzoil-Quaker State Company (\$1,605 million), a lubricants business in the Marketing segment based largely in North America.

12. Property, plant and equipment**2024 [A]**

					\$ million
	Exploration and production		Manufacturing, supply and distribution	Other	Total
	Exploration and evaluation	Production			
Cost					
At January 1	8,635	285,670	113,069	47,696	455,070
Additions	1,174	12,835	8,256	4,181	26,446
Sales, retirements and other movements [B]	(2,390)	(22,324)	(15,636)	(3,430)	(43,780)
Currency translation differences	(205)	(3,156)	(1,782)	(1,847)	(6,990)
At December 31	7,214	273,025	103,907	46,600	430,746
Depreciation, depletion and amortisation, including impairments					
At January 1	3,323	174,973	63,826	18,113	260,235
Charge for the year [C]	159	15,004	6,652	3,739	25,554
Sales, retirements and other movements [B]	(243)	(17,540)	(16,096)	(2,618)	(36,497)
Currency translation differences	(133)	(1,591)	(1,281)	(760)	(3,765)
At December 31	3,106	170,846	53,101	18,474	245,527
Carrying amount at December 31	4,108	102,179	50,806	28,126	185,219

[A] Includes right-of-use assets under leases. (See Note 22).

[B] Includes the reclassification of assets classified as held for sale. (See Note 19).

[C] Includes impairment losses and reversals. (See Note 13).

12. Property, plant and equipment continued**2023 [A]**

	Exploration and production		Manufacturing, supply and distribution	Other	Total
	Exploration and evaluation	Production			
\$ million					
Cost					
At January 1	11,565	277,016	106,785	39,595	434,961
Additions	2,161	10,731	5,910	7,029	25,831
Sales, retirements and other movements [B]	(5,164)	(1,153)	(1,016)	(1,387)	(8,720)
Reclassifications [C]	—	(2,779)	527	2,252	—
Currency translation differences	73	1,855	863	207	2,998
At December 31	8,635	285,670	113,069	47,696	455,070
Depreciation, depletion and amortisation, including impairments					
At January 1	5,162	159,662	56,901	14,594	236,319
Charge for the year [D]	731	18,202	8,295	2,687	29,915
Sales, retirements and other movements [B]	(2,609)	(2,000)	(2,083)	(1,394)	(8,086)
Reclassifications [C]	—	(2,217)	63	2,154	—
Currency translation differences	39	1,326	650	72	2,087
At December 31	3,323	174,973	63,826	18,113	260,235
Carrying amount at December 31	5,312	110,697	49,243	29,583	194,835

[A] Includes right-of-use assets under leases. (See Note 22).

[B] Includes the reclassification of assets classified as held for sale. (See Note 19).

[C] Reclassifications of right-of-use assets. (See Note 22).

[D] Includes impairment losses and reversals. (See Note 13).

The carrying amount of property, plant and equipment at December 31, 2024, included \$27,852 million (2023: \$28,135 million) of assets under construction. This amount excludes exploration and evaluation assets. Assets under construction mainly include projects in Integrated Gas in Canada and Australia and projects in Upstream in the USA and Malaysia.

The carrying amount of exploration and production assets at December 31, 2024, included rights and concessions in respect of proved and unproved properties of \$5,411 million (2023: \$6,097 million). Exploration and evaluation assets principally comprise rights and concessions in respect of unproved properties and capitalised exploration drilling costs.

The total contractual commitments for the purchase and lease of property, plant and equipment at December 31, 2024, amounted to \$7,815 million of which \$2,914 million related to lease commitments.

Capitalised exploration drilling costs

	2024	2023	2022
\$ million			
At January 1	3,136	2,911	3,015
Additions pending determination of proved reserves	1,104	1,967	1,298
Amounts charged to expense	(1,622)	(868)	(881)
Reclassifications to productive wells on determination of proved reserves	(333)	(874)	(531)
Other movements [A]	(231)	—	10
At December 31	2,054	3,136	2,911

[A] Includes the reclassification of assets classified as held for sale. (See Note 19).

	Projects		Wells	
	Number	\$ million	Number	\$ million
Between 1 and 5 years	15	388	28	388
Between 6 and 10 years	14	778	22	720
Between 11 and 15 years	10	214	17	260
Between 16 and 20 years	3	34	4	46
Total [A]	42	1,414	71	1,414

[A] Number of projects increased by 13 as some of the individual wells moved to stand-alone projects.

Exploration drilling costs capitalised for periods greater than one year at December 31, 2024, analysed according to the most recent year of activity, are presented in the table above. These comprise \$116 million relating to four projects where drilling activities were under way or firmly planned for the future, and \$1,298 million relating to 38 projects awaiting development concepts.

13. Impairment of property, plant and equipment, goodwill and other intangible assets

Impairments

	\$ million		
	2024	2023	2022
Impairment losses			
Goodwill	510	635	361
Intangible assets other than goodwill	319	130	153
Property, plant and equipment, of which [A]	3,673	8,182	1,799
Exploration and production	783	4,820	868
Manufacturing, supply and distribution	1,278	2,785	474
Other	1,612	577	457
Total [B]	4,502	8,947	2,313
Impairment reversals			
Intangible assets other than goodwill	—	135	—
Property, plant and equipment, of which [A]	333	627	6,177
Exploration and production	74	528	5,954
Manufacturing, supply and distribution	114	91	72
Other	145	8	151
Total [B]	333	762	6,177

[A] Includes right-of-use assets under leases. (See Note 22).

[B] See Note 7.

Discount rate and other assumptions

The discount rates applied in determining value in use reflect a current market assessment of the time value of money, adjusted for risks not included in forecast cash flows. The discount rate applied is based on a nominal post-tax weighted average cost of capital (WACC), derived from the following key assumptions:

WACC assumptions

Risk-free rate

Derived from a range of benchmark US Treasury yields of varying maturities, to reflect the range of useful economic lives of Shell's assets and to appropriately adjust, where relevant, for pricing anomalies and short-term volatility of specific tenors.

Cost of debt [A]

Derived from observable risk premiums on corporate debt issued by a group of comparable energy companies, adjusted for a blended statutory tax rate.

Cost of equity [A]

Calculated per the capital asset pricing model. Equity risk premiums are derived from a range of published sources, adjusted to reflect a beta derived from a peer group of comparable energy companies, and subsequently calibrated to ensure that total cost of equity is consistent with market practice.

[A] The peer group of comparable energy companies is tailored to reflect relevant integrated power companies (for power activities in the Renewables and Energy Solutions segment) and integrated oil and gas companies (for the rate applied to all other assets). The proportion of debt and equity in the WACC calculation reflects a target gearing ratio, tailored for power activities and oil and gas activities as appropriate.

This rate is reassessed throughout the reporting period, with adjustments made when changes in assumptions applied would lead to a change in an investor's expected rate of return on a portfolio of similar assets. This assessment considers a range of factors, including macroeconomic forecasts, the historical volatility of key assumptions and the level of risk reflected in cash flow forecasts, including the extent to which systemic risks have been reflected in Shell's Operating Plan, which forms the basis of forecast cash flows in determining value in use.

Cash flow projections used in the determination of value in use were made using management's forecasts of commodity prices, market supply and demand, forecast expenditures, potential costs associated with operational GHG emissions, product margins including forecast refining margins, chemical margins and expected production volumes (see Note 2). The level of risk reflected in these assumptions is a consideration in management's assessment of the discount rate to be applied in order to avoid duplication of systemic and asset-specific risk in calculating value in use, and to ensure the discount rate applied is commensurate with risks included in forecast cash flows.

The discount rate applied was a nominal post-tax WACC of 6% (2023: 6%) for the power activities in the Renewables and Energy Solutions segment and a nominal post-tax WACC of 7.5% (2023: 7.5%) for all other businesses. Management assessed the appropriateness of these discount rates as a result of rising bond yields towards the end of 2024. Management concluded that the discount rates remain appropriate and materially commensurate with other significant cash flow assumptions.

13. Impairment of property, plant and equipment, goodwill and other intangible assets continued

Recoverable value was predominantly assessed by reference to value in use in segments other than the Renewables and Energy Solutions segment. The pre-tax discount rates applied for value in use impairment testing vary according to the characteristics of the asset, including its useful life and cash flow profiles. The weighted average pre-tax discount rate applied in the recognition of impairment charges during the year was 9.0% for segments other than the Renewables and Energy Solutions segment.

The near-term commodity price assumptions applied in impairment testing were as follows:

Commodity price assumptions [A]

2024	2025	2026	2027	2028
Brent crude oil (\$/b)	70	70	70	74
Henry Hub natural gas (\$/MMBtu)	3.30	4.00	4.00	4.24
2023	2024	2025	2026	2027
Brent crude oil (\$/b)	70	70	70	74
Henry Hub natural gas (\$/MMBtu)	4.00	4.00	4.00	4.00

[A] Money of the day.

For periods after 2028, the real-term price assumptions applied were: \$70 per barrel (/b) (2023: \$70/b) for Brent crude oil, and a linear increase from \$4.05 per million British thermal units (/MMBtu) to \$5.00/MMBtu in 2048 (2023: \$4.00/MMBtu) for Henry Hub natural gas.

Oil and gas price assumptions applied for impairment testing are reviewed and, where necessary, adjusted on a periodic basis. Reviews include comparison with available market data and forecasts that reflect developments in demand such as global economic growth, technology efficiency, policy measures and, in supply, consideration of investment and resource potential, cost of development of new supply, and behaviour of major resource holders.

For certain assets in the Chemicals and Products and Renewables and Energy Solutions segments, the recoverable value was determined by reference to fair value less costs of disposal. In determining fair value, adjustments are made to forecast cash flows to reflect assumptions used by market participants. These adjustments predominantly relate to the discount rate applied and commodity price assumptions. For certain assets in the Renewables and Energy Solutions segment, the valuation methodology incorporates other adjustments to reflect comparable transactions.

The total carrying value of property, plant and equipment, goodwill and other intangible assets at December 31, 2024, for which recoverable value was tested in 2024 by reference to fair value less costs of disposal was \$0.9 billion related to assets in Renewables and Energy Solutions and \$1 billion in Marketing. The majority of the assets for which the recoverable value was determined by reference to fair value less costs of disposal are related to assets classified as held for sale (see Note 19).

The total carrying value of property, plant and equipment, goodwill and other intangible assets at December 31, 2023, for which recoverable value was tested in 2023 by reference to fair value less costs of disposal was \$2.6 billion related to assets in Renewables and Energy Solutions and \$2.5 billion in Chemicals and Products. The weighted average post-tax discount rate applied to impairments recognised during 2023 is 12% for Renewables and Energy Solutions and 10% for Chemicals and Products.

Goodwill

Goodwill impairments of \$510 million in 2024 are mainly recognised in Renewables and Energy Solutions, triggered by a portfolio choice regarding renewable generation assets in North America.

Goodwill impairments of \$635 million in 2023 were mainly recognised in Renewables and Energy Solutions primarily related to an asset in North America, triggered by annual goodwill impairment testing reflecting factors including the impact of the deteriorated macro environment.

Property, plant and equipment**Exploration and production**

Impairment losses recognised in Exploration and production in 2024 of \$783 million related to various assets in Integrated Gas (\$543 million) and Upstream (\$240 million). Impairments recognised in Integrated Gas mainly related to an asset located in Australia, triggered by factors including revised price, production and cost estimates. Impairment losses recognised in Upstream principally relate to projects in North America and Europe, triggered by portfolio choices.

Impairment losses recognised in Exploration and production in 2023 of \$4,820 million related to various assets in Integrated Gas (\$3,472 million) and Upstream (\$1,348 million). Impairments recognised in Integrated Gas mainly related to an asset located in North America, triggered by a change in the discount rate applied, and a project in Australia, triggered by factors including revised production estimates and regulatory changes. Impairment losses recognised in Upstream principally relate to projects in North America, Nigeria and the UK triggered by factors including revised reserves estimates and portfolio choices.

Manufacturing, supply and distribution

Impairment losses recognised in Manufacturing, supply and distribution in 2024 of \$1,278 million mainly related to an energy and chemicals park located in Singapore, due to remeasurement of the fair value less costs of disposal triggered by a sales agreement reached, and to various smaller assets in Chemicals and Products.

13. Impairment of property, plant and equipment, goodwill and other intangible assets continued

Impairment losses recognised in Manufacturing, supply and distribution in 2023 of \$2,785 million mainly related to chemical assets in Singapore in Chemicals and Products, triggered by lower expected chemical margins and associated with portfolio choices.

Other

Other impairment losses in 2024 of \$1,612 million mainly related to the impairments in Marketing (\$1,518 million), assets in Renewables and Energy Solutions (\$52 million) and various smaller assets in Integrated Gas, Upstream and Chemicals and Products. The impairment in Marketing principally relates to a biofuels facility located in the Netherlands, triggered by a temporary pause of on-site construction work.

Other impairment losses in 2023 of \$577 million related to various assets in Marketing (\$292 million) and assets in Renewables and Energy Solutions mainly in Europe (\$273 million).

Impairment reversals in 2024 of \$333 million are mainly triggered by the reassessment of value in use in Renewables and Energy Solutions (\$134 million) and divestments in Chemicals and Products (\$114 million).

Impairment reversals in 2023 of \$627 million were mainly triggered by the reassessment of fair value less costs of disposal in Integrated Gas (\$325 million) and revised reserves estimates in Upstream (\$203 million).

Impairment losses in 2022 mainly related to the withdrawal from Russia (\$854 million), the classification of an Upstream asset as held for sale (\$320 million) and an impairment of capital expenditure additions in fully impaired sites in Chemicals and Products (\$257 million).

The recognition of impairment reversals in 2022 was mainly triggered by the revision of Shell's mid- and long-term commodity price assumptions reflecting the energy market demand and supply fundamentals. They are related to: i) Integrated Gas for \$3,449 million, mainly relating to the Queensland Curtis LNG asset; and ii) Upstream for \$2,504 million, mainly related to two offshore projects in Brazil and an asset in the Gulf of America.

Sensitivities

The main sensitivities in relation to value in use impairment assessment are the commodity price assumptions in Integrated Gas and Upstream, refining and chemical margins in Chemicals and Products, and discount rates in all segments.

Commodity price assumptions

A change of -10% or +10% in the commodity price assumptions over the entire cash flow projection period would ceteris paribus result in \$5.9 billion in impairments or \$2.5 billion in impairment reversal, respectively, in Integrated Gas and Upstream.

Refining margins

Refining margins applied for impairment testing by reference to value in use are at an average of \$10/bbl. A change of -\$1/bbl or +\$1/bbl in long-term refining margins over the entire cash flow projection period would ceteris paribus result in no impairments or up to \$0.5 billion in impairment reversal, respectively, in Chemicals and Products.

Chemical margins

Chemical margins applied for impairment testing by reference to value in use are at an average of \$197.5/tonne. A change of -\$30/tonne or +\$30/tonne in long-term chemical margins over the entire cash flow projection period would ceteris paribus result in up to \$0.5 billion in impairments or no impairment reversal, respectively, in Chemicals and Products.

Discount rates

A change of +1% in the discount rate would ceteris paribus result in \$1.3 billion in impairments in Integrated Gas and Upstream, and would have no significant impact in other segments.

Where applicable, the above sensitivities include impairment charges that would arise in respect of associates and joint ventures. Where carrying values have been supported by reference to fair value less costs of disposal, recoverable amounts are less sensitive to Shell's planning assumptions. This is on the basis that key assumptions (including discount rates and commodity prices) have been adjusted to reflect those used by market participants.

In calculating recoverable value, key assumptions are not determined in isolation, to ensure relevant interdependencies are appropriately reflected. In particular, management considers the relationship between discount rates, forecast commodity prices and cash flow risk to ensure impairment testing assumptions result in an implicit expected return which is balanced and appropriate for the asset under review. Each of the sensitivities described above has been tested under a ceteris paribus assumption where all other factors remain unchanged, and as such does not reflect the potential offsetting effects of corresponding changes in other assumptions.

14. Joint ventures and associates**Shell share of comprehensive income of joint ventures and associates**

	2024			2023			\$ million 2022		
	Joint ventures	Associates	Total	Joint ventures	Associates	Total	Joint ventures	Associates	Total
Income for the period	970	2,023	2,993 [A]	1,619	2,106	3,725	2,589	1,383 [B]	3,972
Other comprehensive (loss)/income for the period	(71)	—	(71)	(183)	—	(183)	21	—	21
Comprehensive income for the period	899	2,023	2,922	1,436	2,106	3,542	2,610	1,383	3,993

[A] Includes impairment charges of \$873 million, mainly related to joint ventures and associates in the Renewables and Energy Solutions segment.

[B] Includes an impairment charge of \$1,614 million related to Sakhalin-2 following the withdrawal from Russia.

Carrying amount of interests in joint ventures and associates

	Dec 31, 2024			\$ million Dec 31, 2023		
	Joint ventures	Associates	Total	Joint ventures	Associates	Total
Net assets	15,783	7,662	23,445	17,382	7,075	24,457

Transactions with joint ventures and associates [A]

	2024		2023		\$ million 2022
Sales and charges to joint ventures and associates	9,652	10,223	12,230		
Purchases and charges from joint ventures and associates	13,076	15,084	22,286		

[A] Includes 19% (2023: 25%) of sales and 14% (2023: 19%) purchases in transactions with one joint venture operating in the oil trading business.

These transactions principally comprise sales and purchases of goods and services in the ordinary course of business. Related balances outstanding at December 31, 2024, and 2023, are presented in Notes 16 and 20.

Other arrangements in respect of joint ventures and associates

	\$ million	
	Dec 31, 2024	Dec 31, 2023
Commitments to make purchases from joint ventures and associates [A]	1,078	1,397
Commitments to provide debt or equity funding to joint ventures and associates	323	405

[A] Commitments to make purchases from joint ventures and associates mainly relate to contracts associated with LNG processing fees and transportation capacity. Shell has other purchase obligations related to joint ventures and associates that are not fixed or determinable and are principally intended to be resold in a short period of time through sales agreements with third parties. These include long-term LNG and natural gas purchase commitments and commitments to purchase refined products or crude oil at market prices.

15. Investments in securities**Investments in securities**

	\$ million	
	Dec 31, 2024	Dec 31, 2023
Equity securities:	1,104	1,605
Equity securities at fair value through other comprehensive income	1,104	1,605
Debt securities:	1,151	1,641
Debt securities at amortised cost	37	28
Debt securities at fair value through other comprehensive income	1,017	1,285
Debt securities at fair value through profit or loss	97	328
Total	2,255	3,246
At fair value		
Measured by reference to prices in active markets for identical assets	1,197	1,983
Measured by reference to other observable inputs	95	92
Measured using predominantly unobservable inputs	926	1,143
Total	2,218	3,218
At cost	37	28
Total	2,255	3,246

As at December 31, 2024, investments included equity securities comprising interests in which Shell has no significant influence; debt securities, principally comprising a portfolio required to be held by the Company's internal insurance entities as security for their activities; and assets held in escrow in relation to the Group's UK pension arrangements.

Investments in securities measured using predominantly unobservable inputs [A]

	\$ million	
	2024	2023
At January 1	1,143	1,299
Losses recognised in other comprehensive income	(16)	(126)
Purchases	63	146
Sales	(260)	(207)
Other movements	(4)	31
At December 31	926	1,143

[A] Based on expected dividend flows, adjusted for country and other risks as appropriate and discounted to their present value.

16. Trade and other receivables

	Dec 31, 2024		\$ million Dec 31, 2023	
	Current	Non-current	Current	Non-current
Trade receivables	31,041	—	36,273	—
Lease receivables	189	875	188	1,032
Other receivables	8,014	3,528	9,642	2,801
Amounts due from joint ventures and associates	903	152	1,014	278
Prepayments and deferred charges	5,713	1,463	6,156	2,187
Total	45,860	6,018	53,273	6,298

The fair value of financial assets included above approximates the carrying amount and was determined from predominantly unobservable inputs.

Other receivables at December 31, 2024, included current indirect tax receivables of \$1.5 billion (2023: \$1.5 billion), government subsidies of \$795 million (2023: \$484 million), non-current income tax receivables of \$680 million (2023: \$568 million) and current income tax receivables of \$391 million (2023: \$558 million).

Provisions for impairments deducted from trade and other receivables amounted to \$1,253 million at December 31, 2024 (2023: \$1,251 million).

Allowance for expected credit losses – trade receivables

Shell uses a provision matrix to calculate expected credit losses (ECLs) for trade receivables. The provision matrix is initially based on Shell's historical observed default rates. Shell calculates the ECL to adjust the historical credit loss experienced with forward-looking information. The ECL at December 31, 2024, was \$113 million (2023: \$185 million), which represents 0.36-0.51% (2023: 0.51-0.54%) of all trade receivables.

A loss allowance provision of \$414 million (2023: \$415 million) was established in addition to all other impairments to trade receivables as at December 31, 2024, that are outside of the provision matrix calculations.

Lease receivables

Lease contracts where Shell is the lessor are classified as finance leases or operating leases. Receivables for lease contracts classified as finance leases are as follows:

	\$ million	
	Dec 31, 2024	Dec 31, 2023
Less than one year	234	238
Between 1 and 5 years	732	848
5 years and later	316	453
Total undiscounted lease payments receivable	1,282	1,539
Unearned finance income	218	260
Net investment in leases	1,064	1,279

In addition, at December 31, 2024, Shell is entitled to future contractual payments under operating leases of \$277 million (2023: \$312 million).

17. Inventories

	\$ million	
	Dec 31, 2024	Dec 31, 2023
Oil, gas and chemicals	20,211	22,232
Environmental certificates	1,602	2,108
Materials	1,613	1,679
Total	23,426	26,019

Inventories at December 31, 2024, included write-downs to net realisable value of \$483 million (2023: \$1,567 million).

18. Cash and cash equivalents

	\$ million	
	Dec 31, 2024	Dec 31, 2023
Cash	5,551	5,886
Short-term bank deposits	10,706	6,590
Money market funds, reverse repos and other cash equivalents	22,853	26,298
Total	39,110	38,774

In 2024, cash continued to be invested with an emphasis on capital preservation. Information about credit risk is presented in Note 26. Included in cash and cash equivalents at December 31, 2024, were amounts totalling \$1,274 million (2023: \$460 million) subject to currency controls or other legal restrictions. The increase mainly relates to cash recognised in respect of joint arrangements.

19. Assets held for sale

	Dec 31, 2024			Dec 31, 2023 [A]		
	Current	Non-current	Total	Current	Non-current	Total
Intangible assets	—	67	67	—	71	71
Property, plant and equipment	—	8,283	8,283	—	250	250
Joint ventures and associates	—	—	—	—	19	19
Deferred tax	—	—	—	—	10	10
Retirement benefits	—	—	—	—	1	1
Trade and other receivables	276	47	323	103	34	137
Derivative financial instruments	4	—	4	—	—	—
Inventories	1,180	—	1,180	463	—	463
Assets classified as held for sale	1,460	8,397	9,857	566	385	951
Debt	49	575	624	2	82	84
Trade and other payables	476	8	484	94	—	94
Deferred tax	—	2,042	2,042	—	—	—
Retirement benefits	—	—	—	—	53	53
Decommissioning and other provisions	134	2,919	3,053	7	68	75
Income taxes payable	—	—	—	1	—	1
Liabilities directly associated with assets classified as held for sale	659	5,544	6,203	104	203	307

[A] In 2024, Shell ceased to classify an energy and chemicals park in Europe in Chemicals and Products as held for sale as it no longer met the criteria. All other assets classified as held for sale at December 31, 2023, were sold in 2024.

At December 31, 2024, assets held for sale mainly related to Shell's UK offshore oil and gas assets in Upstream, and mining interests in North America and an energy and chemicals park in Singapore, both in Chemicals and Products. The disposal of assets classified as held for sale at December 31, 2024, are expected to be completed in 2025.

20. Trade and other payables

	Dec 31, 2024		Dec 31, 2023	
	Current	Non-current	Current	Non-current
Trade payables	29,767	—	34,591	—
Other payables [A]	9,838	2,990	9,887	2,835
Sales taxes, excise duties and similar levies	3,439	—	3,105	—
Amounts due to joint ventures and associates	6,410	67	7,519	33
Accruals and deferred income	11,239	233	13,135	235
Total	60,693	3,290	68,237	3,103

[A] Includes obligations under environmental compliance schemes of \$3,935 million as at December 31, 2024 (2023: \$4,046 million). (See Note 5).

The fair value of financial liabilities included above approximates the carrying amount and was determined from predominantly unobservable inputs.

Other payables include amounts due to joint arrangement partners and in respect of other project-related items.

Information about offsetting, collateral and liquidity risk is presented in Note 26.

21. Debt**Debt**

	Dec 31, 2024			\$ million Dec 31, 2023		
	Debt (excluding lease liabilities)	Lease liabilities [A]	Total	Debt (excluding lease liabilities)	Lease liabilities [A]	Total
Current debt:	6,920	4,710	11,630	5,288	4,643	9,931
Short-term debt	642		642	845		845
Long-term debt due within 1 year	6,278	4,710	10,988	4,443	4,643	9,086
Non-current debt	41,456	23,992	65,448	48,544	23,066	71,610
Total	48,376	28,702	77,078	53,832	27,709	81,541

[A] Further analysis of lease liabilities is provided in Note 22.

Net debt is the sum of current and non-current debt, less cash and cash equivalents, adjusted for the fair value of derivative financial instruments used to hedge the volatility caused by fluctuations in foreign exchange and interest rates relating to debt, and associated collateral balances. Net debt is a non-GAAP measure, providing additional information to help demonstrate the economic impacts of debt, associated hedges, and cash and cash equivalents.

Net debt

	\$ million (Asset)/liability				
	Current debt	Non-current debt	Derivative financial instruments	Cash and cash equivalents (see Note 18)	Net debt*
At January 1, 2024	9,931	71,610	775	(38,774)	43,542
Cash flow	(9,653)	35	(594)	(1,097)	(11,309)
Lease additions [A]	763	5,083			5,846
Other movements	10,909	(10,040)	(319)	—	550
Currency translation differences and foreign exchange losses/(gains)	(320)	(1,240)	979	761	180
At December 31, 2024	11,630	65,448	841	(39,110)	38,809
At January 1, 2023	9,001	74,794	1,288	(40,246)	44,837
Cash flow	(9,617)	(215)	723	1,778	(7,331)
Lease additions [A]	1,021	3,321			4,342
Other movements	9,619	(7,184)	(481)	—	1,954
Currency translation differences and foreign exchange (gains)/losses	(93)	894	(755)	(306)	(260)
At December 31, 2023	9,931	71,610	775	(38,774)	43,542

[A] Further analysis of lease liabilities is provided in Note 22.

Borrowing facilities and amounts undrawn

	Facility		\$ million Amount undrawn	
	Dec 31, 2024	Dec 31, 2023	Dec 31, 2024	Dec 31, 2023
CP programmes	20,000	20,000	20,000	20,000
EMTN programme	N/A	unlimited	N/A	N/A
US shelf registration	unlimited	unlimited	N/A	N/A
Committed credit facilities	8,000	9,920	8,000	9,920

* Non-GAAP measure (see page 445).

21. Debt continued

During 2024, Shell had access to international debt capital markets via two commercial paper (CP) programmes, a US universal shelf (US shelf) registration and a Euro medium-term note (EMTN) programme. Issuances under the CP programmes are supported by a committed credit facility and cash.

Under the CP programmes, Shell can issue debt of up to \$10,000 million with maximum maturities ranging between 183 days and 364 days depending on the form of the notes issued; and \$10,000 million with maturities not exceeding 397 days.

The US shelf registration provides Shell with the flexibility to issue debt securities, ordinary shares, preferred shares and warrants. The registration is updated once every three years and was last updated in December 2023. During 2024, no debt was issued under this registration (2023: no debt issued).

The EMTN programme lapsed in November 2024 and will be renewed during 2025. During 2024, no debt was issued under this programme (2023: no debt issued).

On December 13, 2019, Shell refinanced its revolving credit facility (RCF), which is linked to the Secured Overnight Financing Rate (SOFR), at pre-agreed margins. Shell elected not to extend the short-dated tranche of \$1,920 million in 2024. The remaining \$8,000 million expires in 2026 (2023: \$8,000 million expiring in 2026). The terms and availability are not conditional on Shell's financial ratios nor its credit ratings. The interest and fees related to these facilities are linked to Shell's progress towards reaching its short-term Net Carbon Intensity target.

The following tables compare contractual cash flows for debt, excluding lease liabilities at December 31, with the carrying amount in the Consolidated Balance Sheet. Contractual amounts reflect the effects of changes in foreign exchange rates; differences from carrying amounts reflect the effects of discounting, premiums and, where fair value hedge accounting is applied, fair value adjustments. Interest is estimated assuming that interest rates applicable to variable-rate debt remain constant and there is no change in aggregate principal amounts of debt other than repayment at scheduled maturity, as reflected in the table.

2024

	Contractual payments							Difference from carrying amount	Carrying amount
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	5 years and later	Total		
Bonds	6,036	3,792	2,344	5,207	2,333	27,369	47,081	(395)	46,686
EMTN	3,286	1,042	2,344	3,707	833	6,469	17,681	(260)	17,421
US shelf	2,750	2,750	—	1,500	1,500	20,900	29,400	(135)	29,265
Bank and other borrowings	885	169	69	289	32	246	1,690	—	1,690
Total (excluding interest)	6,921	3,961	2,413	5,496	2,365	27,615	48,771	(395)	48,376
Interest	1,437	1,265	1,184	1,162	1,055	12,214	18,317		

2023

	Contractual payments							Difference from carrying amount	Carrying amount
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	5 years and later	Total		
Bonds	4,292	6,194	3,856	2,489	5,442	30,049	52,322	(567)	51,755
EMTN	3,042	3,444	1,106	2,489	3,942	7,649	21,672	(414)	21,258
US shelf	1,250	2,750	2,750	—	1,500	22,400	30,650	(153)	30,497
Bank and other borrowings	1,060	230	73	346	53	316	2,078	(1)	2,077
Total (excluding interest)	5,352	6,424	3,929	2,835	5,495	30,365	54,400	(568)	53,832
Interest	1,569	1,452	1,285	1,207	1,177	13,366	20,056		

Interest rate swaps have been entered into against certain fixed rate debt affecting the effective interest rate on these balances (see Note 26). The fair value of debt excluding lease liabilities at December 31, 2024, was \$44,119 million (2023: \$50,866 million), mainly determined from the prices quoted for those securities. The difference between the fair value of debt and the carrying amount is predominantly related to the difference between the fixed rate and the current market rate.

22. Leases

Shell has lease contracts in Integrated Gas and Upstream, principally for floating production storage and offloading units, pipeline assets, subsea equipment, drilling and ancillary equipment, service vessels, LNG vessels and land and buildings; in Marketing, principally for land and retail sites; in Chemicals and Products, principally for plant pipeline and machinery, tankers and storage capacity; in Renewables and Energy Solutions, principally for power generation assets, storage capacity and land; and in Corporate, principally for land and buildings. Shell's obligations under its leases are secured on the leased assets.

Right-of-use assets

Right-of-use assets are included in property, plant and equipment for the following amounts:

2024

				\$ million
	Production	Manufacturing, supply and distribution	Other [C]	Total
Cost				
At January 1	12,597	19,485	12,151	44,233
Additions	1,669	4,912	660	7,241
Sales, retirements and other movements [A]	(554)	(565)	(2,463)	(3,582)
Currency translation differences	(147)	(94)	(421)	(662)
At December 31	13,565	23,738	9,927	47,230
Depreciation, depletion and amortisation, including impairments				
At January 1	7,146	8,049	4,959	20,154
Charge for the year [B]	1,525	2,837	1,066	5,428
Sales, retirements and other movements [A]	(891)	(1,552)	(2,130)	(4,573)
Currency translation differences	(26)	(29)	(177)	(232)
At December 31	7,754	9,305	3,718	20,777
Carrying amount at December 31	5,811	14,433	6,209	26,453

[A] Includes the reclassification of right-of-use assets to assets held for sale.

[B] Includes impairment losses (\$438 million) and reversals (\$11 million).

[C] Other mainly includes lease contracts for retail sites, land, and buildings in Marketing, Renewables and Energy Solutions and Corporate.

2023

				\$ million
	Production	Manufacturing, supply and distribution	Other [D]	Total
Cost				
At January 1	14,675	16,463	9,899	41,037
Additions	790	2,442	1,308	4,540
Sales, retirements and other movements [A]	(116)	29	(1,040)	(1,127)
Reclassifications [B]	(2,779)	527	2,252	—
Currency translation differences	27	24	(268)	(217)
At December 31	12,597	19,485	12,151	44,233
Depreciation, depletion and amortisation, including impairments				
At January 1	8,275	6,695	2,950	17,920
Charge for the year [C]	1,382	2,428	998	4,808
Sales, retirements and other movements [A]	(303)	(1,149)	(1,042)	(2,494)
Reclassifications [B]	(2,217)	63	2,154	—
Currency translation differences	9	12	(101)	(80)
At December 31	7,146	8,049	4,959	20,154
Carrying amount at December 31	5,451	11,436	7,192	24,079

[A] Includes the reclassification of right-of-use assets to assets held for sale.

[B] Reclassification from Production to Manufacturing, supply and distribution and Other.

[C] Includes impairment losses (\$72 million) and reversals (\$2 million).

[D] Other mainly includes lease contracts for retail sites, land, and buildings in Marketing, Renewables and Energy Solutions and Corporate.

22. Leases continued

Lease arrangements

Shell also has certain lease contracts of items with lease terms of 12 months or less. For these lease contracts, Shell applies the short-term lease recognition exemption. Lease expenses not included in the measurement of lease liability are:

Lease expenses not included in the measurement of lease liability

	\$ million	
	2024	2023
Expense relating to short-term leases	360	495
Expense relating to variable lease payments	1,448	1,415

The total cash outflow in respect of leases representing repayments of principal and payment of interest in 2024 was \$6,891 million (2023: \$7,512 million), recognised in Repayment and interest paid in the Consolidated Statement of Cash Flows.

The future lease payments under lease contracts and the carrying amounts at December 31, by payment date are as follows:

2024

	\$ million		
	Contractual lease payments	Interest	Lease liabilities
Less than 1 year	6,367	1,657	4,710
Between 1 and 5 years	15,772	4,662	11,110
5 years and later	19,814	6,932	12,882
Total	41,953 [A]	13,251	28,702

[A] Future cash outflows in respect of leases may differ from lease liabilities recognised due to future decisions that may be taken by Shell in respect of the use of leased assets. These decisions may result in variable lease payments being made. In addition, Shell may reconsider whether it will exercise extension options or termination options, which are not reflected in the lease liabilities. There is no exposure to these potential additional payments in excess of the recognised lease liabilities until these decisions have been taken by Shell.

2023

	\$ million		
	Contractual lease payments	Interest	Lease liabilities
Less than 1 year	6,182	1,539	4,643
Between 1 and 5 years	16,105	4,443	11,662
5 years and later	16,794	5,390	11,404
Total	39,081	11,372	27,709

23. Taxation

Taxation charge

	\$ million		
	2024	2023	2022
Current tax:			
Charge in respect of current period	13,648	13,066	16,383
Adjustments in respect of prior periods	58	(422)	(947)
Total	13,706	12,644	15,436
Deferred tax:			
Relating to the origination and reversal of temporary differences, tax losses and credits	(491)	(305)	5,196
Relating to changes in tax rates and legislation	112	242	785
Adjustments in respect of prior periods	74	410	524
Total	(305)	347	6,505
Total taxation charge	13,401	12,991	21,941

23. Taxation continued

Adjustments in respect of prior periods relate to events in the current period and reflect the effects of changes in rules, facts or other factors compared with those used in establishing the current tax position or deferred tax balance in prior periods.

In 2022, adjustments in respect of changes in tax rates and legislation of \$524 million principally relate to the introduction of the UK Energy Profits Levy Act 2022 (EPL).

Pillar Two

	2024	2023	\$ million 2022
Taxation charge	13,401	12,991	21,941
Of which:			
Income tax excluding Pillar Two income tax	13,150	12,991	21,941
Income tax related to Pillar Two income tax	251	—	—

On June 20, 2023, the UK substantively enacted Pillar Two Model Rules, effective as from January 1, 2024. The Pillar Two rules are designed to ensure large multinational enterprises (meeting certain conditions) pay a minimum level of tax on the income arising in each jurisdiction where they operate. Shell has applied the exception, as set out in the amendments to IAS 12 Income Taxes, to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes.

Reconciliation of applicable tax charge at statutory tax rates to taxation charge

	2024	2023	\$ million 2022
Income before taxation	29,922	32,627	64,815
Less: share of profit of joint ventures and associates	(2,993)	(3,725)	(3,972)
Income before taxation and share of profit of joint ventures and associates	26,929	28,902	60,843
Applicable tax charge at standard statutory tax rates	11,782	11,921	22,170
Adjustments in respect of prior periods	132	(12)	(424)
Tax effects of:			
Expenses not deductible for tax purposes	747	1,225	849
Incentives for investment and development	(374)	(553)	(1,388)
Derecognition/(recognition) of deferred tax assets	255	243	(457)
Changes in tax rates and legislation	112	242	785
Income not subject to tax at standard statutory rates	360	(213)	234
Disposals	(134)	(113)	39
Exchange rate differences	(12)	89	(102)
Other reconciling items	533	162	235
Taxation charge	13,401	12,991	21,941
Weighted average of statutory tax rates [A]	44%	41%	36%
Effective tax rate based on income before taxation [B]	45%	40%	34%
Effective tax rate based on income before taxation excluding share of profit of joint ventures and associates [C]	50%	45%	36%

[A] The weighted average of statutory tax rates is calculated by dividing the applicable tax charge at standard statutory tax rates by Income before taxation and share of profit of joint ventures and associates.

[B] The effective tax rate based on income before taxation is calculated by dividing Taxation charge by Income before taxation.

[C] The effective tax rate based on income before taxation excluding share of profit of joint ventures and associates is calculated by dividing Taxation charge by Income before taxation and share of profit of joint ventures and associates.

23. Taxation continued

Compared with 2023, the increase in the weighted average of statutory tax rates mainly reflects a higher proportion of total earnings subject to relatively higher tax rates in Upstream.

2024 – Deferred tax

\$ million

	Decommissioning and other provisions	Property, plant and equipment	Tax losses and credits carried forward	Retirement benefits	Other	Total
Deferred tax asset						
At January 1, 2024	7,577	1,584	4,280	1,750	4,432	19,623
Credit/(charge) to income	528	254	(388)	–	799	1,193
Currency translation differences	(94)	(7)	(129)	(77)	(31)	(338)
Other comprehensive income	–	–	33	(162)	46	(83)
Other movements	(1,170)	(17)	(229)	343	(11)	(1,084)
At December 31, 2024	6,841	1,814	3,567	1,854	5,235	19,311
Deferred tax liability						
At January 1, 2024		(21,996)		(2,880)	(3,640)	(28,516)
(Charge)/credit to income		(799)		(138)	49	(888)
Currency translation differences		231		386	68	685
Other comprehensive income		(2)		(267)	(15)	(284)
Other movements		3,652		(351)	(257)	3,044
At December 31, 2024		(18,914)		(3,250)	(3,795)	(25,959)
Net deferred tax liability at December 31, 2024						(6,648)
Deferred tax asset/(liability) as presented in the balance sheet at December 31, 2024						
Deferred tax asset						6,857
Deferred tax liability						(13,505)

2023 – Deferred tax

\$ million

	Decommissioning and other provisions	Property, plant and equipment	Tax losses and credits carried forward	Retirement benefits	Other	Total
Deferred tax asset						
At January 1, 2023	6,049	4,290	6,446	1,977	4,827	23,589
(Charge)/credit to income	61	(680)	(2,025)	27	557	(2,060)
Currency translation differences	89	18	66	28	(11)	190
Other comprehensive income	–	–	(5)	104	23	122
Other movements	1,378	(2,044)	(202)	(386)	(964)	(2,218)
At December 31, 2023	7,577	1,584	4,280	1,750	4,432	19,623
Deferred tax liability						
At January 1, 2023		(24,818)		(3,189)	(3,953)	(31,960)
Credit/(charge) to income		2,109		(228)	(168)	1,713
Currency translation differences		(173)		227	–	54
Other comprehensive income		(3)		(90)	(3)	(96)
Other movements		889		400	484	1,773
At December 31, 2023		(21,996)		(2,880)	(3,640)	(28,516)
Net deferred tax asset at December 31, 2023						(8,893)
Deferred tax asset/(liability) as presented in the balance sheet at December 31, 2023						
Deferred tax asset						6,454
Deferred tax liability						(15,347)

The presentation in the balance sheet takes into consideration the offsetting of deferred tax assets and deferred tax liabilities within the same tax jurisdiction, where this is permitted. The overall deferred tax position in a particular tax jurisdiction determines if a deferred tax balance related to that jurisdiction is presented within deferred tax assets or deferred tax liabilities.

23. Taxation continued

Other movements in deferred tax assets and liabilities are mainly related to assets classified as held for sale and liabilities directly associated with assets classified as held for sale (see note 19).

The deferred tax category Other primarily includes deferred tax positions in respect of leases, financial assets and liabilities, inventories, intangible assets other than goodwill and investments in subsidiaries, joint ventures and associates.

The deferred tax category property, plant and equipment also includes deferred tax positions in respect of investments in partnerships in the USA which are considered pass-through entities by its parent for tax purposes.

Deferred tax assets of \$6,857 million (2023: \$6,454 million) are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those assets are likely to be recovered, and a judgement as to whether or not there will be sufficient taxable profits available to offset the assets. It is considered probable based on business forecasts that such taxable profits will be available. For Marketing, as well as Chemicals and Products, additional judgement is required; in some jurisdictions the assessment of forecasted taxable profits resulting in deferred tax asset recognition of \$315 million (2023: \$455 million) extends for an additional 10 years beyond Shell's regular 10-year planning horizon. In those situations, additional risking has been applied to the forecast of taxable profits. For Integrated Gas and Upstream, deferred tax assets recognised are expected to be recovered within the period of production of each asset. For deferred tax assets of \$625 million (2023: \$241 million) as at December 31, 2024, this period extends beyond 10 years.

The amount of deferred tax assets which are dependent on future taxable profits not arising from the reversal of existing deferred tax liabilities, and which relate to tax jurisdictions where Shell has suffered a loss in the current or preceding year, was \$4,022 million at December 31, 2024 (2023: \$2,027 million). The increase compared with 2023 is primarily attributable to a higher number of entities which have generated losses in 2024.

Expected expiration of unused tax losses, unrecognised deductible temporary differences and tax credits

	\$ million	
Expected expiration	Dec 31, 2024	Dec 31, 2023
Less than 1 year	375	1,496
Between 1 and 5 years	1,318	1,475
5 years and later [A]	75,768	71,709
Total	77,461	74,680

[A] Includes unrecognised losses for Petroleum Resource Rent Tax (PRRT) in Australia which, due to the annual augmentation, increased to \$49,893 million as at the end of the most recent PRRT fiscal year, June 30, 2024 (June 30, 2023: \$46,220 million).

Unrecognised taxable temporary differences associated with undistributed retained earnings of investments in subsidiaries, joint ventures and associates amounted to \$4,504 million at December 31, 2024 (2023: \$5,311 million). These retained earnings are subject to withholding tax upon distribution.

Excluding unrecognised tax losses for PRRT, the unrecognised deductible temporary differences, unused tax losses and credits carried forward amounted to \$27,568 million at December 31, 2024 (2023: \$28,460 million), and included amounts of \$25,875 million (2023: \$25,489 million) that are subject to time limits for utilisation of five years or later, or are not time limited.

24. Retirement benefits

Retirement benefits are provided in most of the countries where Shell has operational activities. Shell offers these benefits through funded and unfunded defined benefit plans and defined contribution plans. The most significant pension plans are in the Netherlands, UK and USA.

Other post-employment benefits (OPEB) comprising retirement health care and life insurance are also provided in certain countries. The most significant OPEB plan is in the USA.

24. Retirement benefits continued**Financial position**

	\$ million	
	Dec 31, 2024	Dec 31, 2023
Obligations	(66,054)	(78,024)
Plan assets	69,707	79,961
Asset ceilings	(402)	(335)
Surplus	3,251	1,602
Retirement benefits in the Consolidated Balance Sheet:		
Non-current assets	10,003	9,151
Non-current liabilities:	(6,752)	(7,549)
Non-current liabilities - Pensions	(3,874)	(4,448)
Non-current liabilities - OPEB	(2,878)	(3,101)
Total	3,251	1,602

Retirement benefit expense

	\$ million		
	2024	2023	2022
Defined benefit plans:			
Current service cost, net of plan participants' contributions	802	731	1,100
Interest expense on defined pension benefit obligations	2,757	3,072	1,584
Interest income on plan assets	(2,999)	(3,417)	(1,732)
Interest expense on OPEB obligations	154	166	120
Current OPEB service cost	38	36	57
Other [A]	(457)	262	246
Total	295	850	1,375
Defined contribution plans	514	474	420
Total retirement benefit expense	809	1,324	1,795

[A] Mainly related to plan amendments and curtailments on pension plans and OPEB plans.

Retirement benefit expenses are presented principally within production and manufacturing expenses and selling, distribution and administrative expenses in the Consolidated Statement of Income. Interest income on plan assets is calculated using the same rate as that applied to the related defined benefit obligations for each plan to determine interest expense.

Remeasurements

	\$ million		
	2024	2023	2022
Actuarial gains/(losses) on obligations:			
Due to changes in financial assumptions on pensions [A]	4,445	(1,513)	28,840
Due to changes in financial assumptions on OPEB [A]	249	(264)	527
Due to experience adjustments on pensions [B]	(701)	(491)	(2,956)
Due to experience adjustments on OPEB [B]	(259)	230	1,480 [D]
Due to changes in demographic assumptions on pensions [C]	445	(299)	27
Due to changes in demographic assumptions on OPEB [C]	87	(38)	25
Total	4,266	(2,375)	27,943
Return on plan assets in (shortage)/excess of interest income	(2,319)	1,243	(20,612)
Other movements	(93)	44	(349)
Total remeasurements	1,854	(1,088)	6,982

[A] Mainly relates to changes in the discount rate and inflation assumptions.

[B] Experience adjustments arise from differences between the actuarial assumptions made in respect of the year and actual outcomes.

[C] Mainly relates to updates in mortality assumptions.

[D] In 2022, experience adjustments in OPEB includes \$782 million to reflect the impact of prescription drug rebates.

24. Retirement benefits continued

Defined benefit plan obligations

2024

\$ million, except where indicated

	Pension benefits				Other post-employment benefits	
	The Netherlands	UK	USA	Rest of the world	OPEB [C]	Total
At January 1	26,746	19,074	15,579	13,524	3,101	78,024
Current service cost	186	148	239	215	38	826
Interest expense	847	847	507	556	154	2,911
Actuarial gains	(1,377)	(1,793)	(997)	(22)	(77)	(4,266)
Benefit payments	(1,076)	(1,081)	(702)	(770)	(141)	(3,770)
Other movements	(251)	(1)	(5,030) [A]	540	(95)	(4,837)
Currency translation differences	(1,498)	(237)	—	(997)	(102)	(2,834)
At December 31	23,577	16,957	9,596	13,046 [B]	2,878	66,054
Comprising:						
Funded pension plans	23,577	16,638	8,787	10,913		59,915
Weighted average duration	15 years	12 years	12 years	13 years		13 years
Unfunded pension plans		319	809	2,133		3,261
Weighted average duration		15 years	8 years	11 years		11 years
Unfunded OPEB plans					2,878	2,878
Weighted average duration					12 years	12 years

[A] Other movements mainly include the contract that the defined benefit pension plan in the USA, Shell Pension Plan, has entered into with a third-party insurance company to settle \$5,052 million of pension liabilities. The settlement price consisted of \$4,920 million of pension assets.

[B] Rest of the world includes pension plans in Germany (\$3,234 million) and Canada (\$3,641 million) which are the largest pension plans in this category.

[C] Mainly related to post-retirement medical benefits in the USA.

2023

\$ million, except where indicated

	Pension benefits				Other post-employment benefits	
	The Netherlands	UK	USA	Rest of the world	OPEB [B]	Total
At January 1	24,608	17,791	14,793	13,410	2,879	73,481
Current service cost	184	145	215	179	36	759
Interest expense	904	881	695	592	166	3,238
Actuarial losses	929	257	832	285	72	2,375
Benefit payments	(1,032)	(1,014)	(956)	(757)	(88)	(3,847)
Other movements	252	—	—	(63)	—	189
Currency translation differences	901	1,014	—	(122)	36	1,829
At December 31	26,746	19,074	15,579	13,524 [A]	3,101	78,024
Comprising:						
Funded pension plans	26,746	18,734	14,695	11,298		71,473
Weighted average duration	16 years	15 years	11 years	13 years		14 years
Unfunded pension plans		340	884	2,226		3,450
Weighted average duration		16 years	8 years	11 years		11 years
Unfunded OPEB plans					3,101	3,101
Weighted average duration					13 years	13 years

[A] Rest of the world includes pension plans in Germany (\$3,647 million) and Canada (\$3,930 million) which are the largest pension plans in this category.

[B] Mainly related to post-retirement medical benefits in the USA.

24. Retirement benefits continued

Defined benefit plan assets

2024

\$ million

	Pension benefits				Total
	The Netherlands	UK	USA	Rest of the world	
At January 1	30,266	22,320	14,835	12,540	79,961
Return on plan assets in excess of interest income	(34)	(2,435)	(566)	716	(2,319)
Interest income	946	995	487	571	2,999
Employer contributions	2	36	262	109 [B]	409
Plan participants' contributions	12	17	—	7	36
Benefit payments	(1,076)	(1,081)	(702)	(731)	(3,590)
Other movements	(9)	(22)	(4,891) [A]	470	(4,452)
Currency translation differences	(1,777)	(270)	—	(1,290)	(3,337)
At December 31	28,330	19,560	9,425	12,392 [C]	69,707

[A] Other movements mainly include the contract that the defined benefit pension plan in the USA, Shell Pension Plan, has entered into with a third-party insurance company to settle \$5,052 million of pension liabilities. The settlement price consisted of \$4,920 million of pension assets.

[B] Includes a netted amount of \$108 million received from a captive structure in relation to pension plans reinsured in Rest of the world.

[C] Rest of the world includes pension plans in Germany (\$2,705 million) and Canada (\$3,179 million) which are the largest pension plans in this category.

2023

\$ million

	Pension benefits				Total
	The Netherlands	UK	USA	Rest of the world	
At January 1	27,986	21,963	14,243	12,564	76,756
Return on plan assets in excess of interest income	833	(999)	609	800	1,243
Interest income	1,035	1,094	679	609	3,417
Employer contributions	419	34	274	(23) [A]	704
Plan participants' contributions	11	16	—	7	34
Benefit payments	(1,032)	(1,014)	(957)	(703)	(3,706)
Other movements	(6)	(16)	(13)	17	(18)
Currency translation differences	1,020	1,242	—	(731)	1,531
At December 31	30,266	22,320	14,835	12,540 [B]	79,961

[A] Includes the netted amount of \$212 million received from the captive structure in relation to pension plans reinsured in Rest of the world.

[B] Rest of the world includes pension plans in Germany (\$2,730 million) and Canada (\$3,504 million) which are the largest pension plans in this category.

The table below presents percentages derived from a weighted average calculation of the investments in the plan assets.

Type of pension assets

	2024	2023
Quoted in active markets:		
Equities [A]	12%	12%
Debt securities [B]	68%	71%
Real estate	2%	1%
Unquoted		
Equities	13%	12%
Debt securities	4%	4%
Real estate	6%	7%
Investment funds	3%	3%
Debt repurchase agreements [C]	(12)%	(11)%
Other	1%	—%
Cash	3%	1%

[A] Equity securities (quoted) are mainly related to investments of the Netherlands pension fund.

[B] Debt securities (quoted) are mainly related to the investments of the UK and the Netherlands pension funds.

[C] Debt repurchase agreements are mainly related to UK member-defined pension plans to fund liability-driven investments. In addition to these contracts, derivatives including interest rate and inflation swaps are used in the principal defined benefit plan in the Netherlands for liability matching strategies.

24. Retirement benefits continued

Employer contributions to funded defined benefit pension plans are based on actuarial valuations in accordance with local regulations and are estimated to be \$862 million in 2025.

Characteristics of significant defined benefit and defined contribution plans and regulatory framework**The Netherlands**

The principal defined benefit pension plan in the Netherlands is a funded career-averaged pension arrangement with retired employees drawing benefits as an annuity, with a surplus of \$4,753 million reported as at December 31, 2024, (2023: \$3,520 million surplus). While the plan was closed to employees hired or rehired after July 1, 2013, it currently remains open for ongoing accrual for existing active members. Active members account for 21% (2023: 23%) of the total defined benefit liability in the Netherlands. From July 1, 2013 onwards, new employees in the Netherlands are entitled to membership of a defined contribution pension plan.

In line with Dutch regulations, the defined benefit pension plan has a joint Trustee Board with trustee representatives nominated by the Company, the Central Staff Council and retired members. The defined benefit pension plan also has an Accountability Council comprising members nominated by the Company, the Central Staff Council and retired members. Furthermore, there is a Supervisory Committee, which includes external experts from the pension industry, to oversee management, compliance and operations of the fund. The defined contribution pension plan has a one-tier Trustee Board with an independent chair, trustee representatives nominated by the Company and the Central Staff Council, as well as two executive board members. The defined contribution fund also has an Accountability Council comprised of members nominated by the Company and the Central Staff Council. Both Trustee Boards are responsible for administering the plans in line with the Dutch "Pensioenwet" (PW), including corporate governance, investment strategy for the pension plans' assets and paying member benefits, and are required to act in the best interests of the members.

Dutch pension reform

As per July 1, 2023, new pension legislation ("Wet Toekomst Pensioenen" (WTP)) came into effect in the Netherlands, with implementation required prior to January 2028. This legislation aims to create a more resilient and adaptable pensions system that can better accommodate demographic changes and economic fluctuations while providing adequate retirement income. The legislation requires all future pension accruals to be in a defined contribution framework, with the intention that existing benefits accrued in pension funds are also converted into a defined contribution framework. The new regulatory framework will impact Shell's existing defined benefit pension plan, net pension scheme and defined contribution pension plan in the Netherlands.

In response to the new pension legislation the Company, with the consent of the Central Staff Council in the Netherlands, decided on June 25, 2024, that all future pension accruals from January 1, 2027, will be under a defined contribution framework. The new pension scheme(s) and associated transition measures were laid down in separate transition plans. In July 2024, these were formally submitted to the Trustee Boards of the pension funds for their acceptance. It is the intention that the gross defined benefit scheme of Shell will be transferred into a new defined contribution plan from January 1, 2027, and that the defined contribution plan of Shell will be transformed on January 1, 2026.

The transition plan for the defined benefit plan states that the transfer into a new defined contribution plan is subject to the local funding level of the plan remaining above an agreed level (125%) during the predetermined transition period. If the Trustee Board of the defined benefit plan formally accepts the transition plan (expected in 2025), Shell will derecognise the pension surplus, based on asset ceiling principles, resulting in a loss in other comprehensive income and an additional "minimum funding requirement" for an expected final cash contribution. Subsequently, at the date of transition (December 31, 2026), a charge to the Consolidated Statement of Income is expected in respect of the surplus previously derecognised. The likelihood of acceptance of the plan, and the extent to which the funding level will meet the agreed 125% threshold, is subject to uncertainty. If the funding level of the defined benefit plan falls below 125% during the transition period, the transition plan and anticipated cash contributions may need to be reassessed.

The amounts to be recognised which will be determined at each respective date are subject to uncertainty and market risks and may have a material impact on Shell's financial condition, results of operations and cash flows.

UK

The four largest defined benefit pension plans for employees in the UK are funded final salary pension arrangements with retired employees mainly drawing benefits as an annuity with the option to take a portion as a lump sum. The three plans are separate and independent plans and cannot be netted against each other. In total, the plans reported a surplus of \$2,603 million as at December 31, 2024 (2023: surplus of \$3,246 million), which is after netting of unfunded plans of \$319 million (2023: \$340 million) which are reported as non-current liabilities on the balance sheet. All three plans were closed to new employees hired or rehired. However, two plans currently remain open for ongoing accrual for existing active members. Active members account for 14% (2023: 16%) of the total defined benefit liability in the UK. From March 1, 2013, onwards new employees in the UK are entitled to membership of a defined contribution pension plan.

In line with UK regulations, the principal defined benefit pension plan is governed by a corporate trustee whose board comprises four trustee directors nominated by the Company, including the chair and four member-nominated trustee directors. The defined contribution pension plan is governed by a corporate trustee whose board comprises of three company-nominated directors, including the chair and two member-nominated trustee directors. The trustees are responsible for administering the plans in line with the Trust Deed and Regulations, including setting the investment strategy for the pension plans' assets and paying member benefits, and are required to act in the best interests of the members of the pension plans.

For the funded defined benefit pension plan for former BG employees, the BG Pension Scheme (BGPS), the Board of Trustees of the BG Pension Scheme decided to enter into a qualifying insurance contract for the full scheme (buy in) with a third-party insurer which was executed on September 11, 2024. This policy replaces the previous investments held to support the BGPS's benefits, and as a consequence, the longevity and investment risks have been transferred in full to the insurer. The liabilities relating to the scheme remain on the balance sheet but are now fully insured. The scheme has defined benefit liabilities of \$1,270 million and a surplus of \$105 million reported at December 31, 2024.

24. Retirement benefits continued**USA**

The principal defined benefit pension plan in the USA is a funded final average pay pension plan with a surplus of \$638 million reported as at December 31, 2024 (2023: \$140 million surplus). After retirement, all retirees can choose to draw their benefits as an annuity, whereas others also have the choice to take their benefit in a lump sum. There is also an unfunded defined benefit pension plan with a deficit of \$809 million (2023: \$884 million deficit). The benefits under this plan are taken primarily in a lump sum. In addition, the Company provides a defined contribution benefit plan. The funded defined benefit, unfunded defined benefit, and Shell's defined contribution pension plans are subject to the provisions of the Employee Retirement Income Security Act (ERISA).

In line with Shell Group's strategic objectives and risk management, on January 30, 2024, the principal defined benefit pension plan in the USA, Shell Pension Plan, entered into a contract with a third-party insurance company to settle \$5,052 million of pension liabilities. The settlement price consisted of \$4,920 million of pension assets. As a result of this transaction, all legal and constructive obligations for a tranche of benefits provided by the Shell Pension Plan have been eliminated. A gain on settlement of \$101 million (after associated adjustment for deferred tax) has been recognised in Shell's Consolidated Statement of Income. As a consequence, as of December 31, 2024, the total active members increased to 30% (2023: 23%) of the total defined benefit liability in the USA.

Both the funded defined benefit pension plan and the defined contribution pension plan are governed by trustees who are appointed by the Plan Sponsor and are named fiduciaries with respect to the plans. The trustees are generally responsible for investment-related matters, appointing the Plan Administrator, maintaining general oversight and deciding appeals of participants.

USA OPEB

The Company also sponsors other post-retirement employee benefits (OPEB), mainly in the USA. The OPEB plans in the USA provide medical, dental and vision benefits, as well as life insurance benefits to eligible retired employees. The plans are unfunded, and the Company and retirees share the costs of the premiums with a deficit of \$2,337 million reported as at December 31, 2024 (2023: \$2,267 million deficit). The plan that provides post-retirement medical benefits in the USA is closed to employees hired or rehired on or after January 1, 2017. Certain life insurance benefits are paid by the Company.

Significant funding requirements:

- Additional contributions to the Dutch defined benefit pension plan would be required if the 12-month rolling average local funding percentage falls below 105% for six months or more. At the most recent 2024 funding valuation, the local funding percentage was above this level.
- There are no set minimum statutory funding requirements for the UK plans. A professional qualified independent actuary, appointed by the trustee board, undertakes a local funding valuation typically every three years. The most recent completed funding valuation for the principal defined benefit plan was undertaken as at December 31, 2023, and revealed a funding ratio of 108% and therefore no sponsor contributions (except for salary sacrifice contributions) were payable under the schedule of contributions.
- Under the Pension Protection Act, US pension plans are subject to minimum required contribution levels based on the funding position. No contributions are required based on the most recent funding valuation.

Associated risks to which retirement benefits are exposed

There are inherent risks associated with defined benefit pension and OPEB plans. These risks are related to various assumptions made on valuation of the liabilities and the cash funding requirement of the underlying plans. Volatility in capital markets or government policies, and the resulting consequences for investment performance, interest and inflation rates, as well as changes in assumptions for mortality, retirement age or pensionable remuneration at retirement, could result in significant changes to the funding level of future liabilities. In case of a shortfall, there could be a requirement to make substantial cash contributions (depending on the applicable local regulations).

These inherent risks are managed by a pension forum, chaired by the Chief Financial Officer, which oversees Shell's pension strategy, policy and operations. The forum is supported by a risk committee in reviewing the results of the assurance process with respect to pension risk.

Investment strategies

Long-term investment strategies of plans are generally determined by the relevant pension plan trustees using a structured asset/liability modelling approach to define the asset mix that best meets the objectives of optimising returns within agreed risk levels, while maintaining adequate funding levels.

Principal and actuarial assumptions

The principal assumptions applied in determining the present value of defined benefit obligations and their bases were as follows:

- rates of increase in pensionable remuneration, pensions in payment and health care costs: historical experience and management's long-term expectation;
- discount rates: prevailing long-term AA corporate bond yields, chosen to match the currency and duration of the relevant obligation; and
- mortality rates: published standard mortality tables for the individual countries concerned adjusted for Shell experience where statistically significant.

The weighted averages for those assumptions and related sensitivity information as at December 31, 2024 are presented below. Sensitivity information indicates by how much the defined benefit obligations would increase or decrease if a given assumption were to increase or decrease with no change in other assumptions. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another. The weighted averages are at nominal terms and based on market expectations at December 31, 2024.

24. Retirement benefits continued

\$ million, except where indicated

	Assumptions used at nominal rates		Effect of using alternative assumptions				
	Dec 31, 2024	Dec 31, 2023	Range of assumptions	Increase/(decrease) in defined benefit obligations			
				Dec 31, 2024		Dec 31, 2023	
Rate of increase in pensionable remuneration [A]	3.9%	3.9%	-1% to +1%	(421)	469	(828)	915
of which the Netherlands [B]	3.3%	3.3%					
of which the UK	3.5%	4.1%					
of which the USA	4.6%	4.6%					
Rate of increase in pensions in payment	2.0%	1.9%	-1% to +1%	(4,978)	6,045	(5,599)	6,713
of which the Netherlands	2.1%	2.4%					
of which the UK	2.9%	2.8%					
of which the USA	—%	—%					
Discount rate for pension plans	4.5%	4.1%	-1% to +1%	8,641	(6,925)	10,560	(8,472)
of which the Netherlands	3.5%	3.3%					
of which the UK	5.5%	4.6%					
of which the USA	5.6%	4.9%					
Inflation rate for defined benefit obligation [C]	2.1%	2.0%	-1% to +1%	(5,328)	6,494	(6,034)	7,300
of which the Netherlands	2.1%	2.4%					
of which the UK	3.0%	2.9%					
Expected age at death for persons aged 60:							
Men	88 years	88 years	-1 year to +1 year	(970)	981	(1,166)	1,143
of which the Netherlands	88 years	88 years					
of which the UK	87 years	87 years					
of which USA	88 years	87 years					
Women	89 years	89 years	-1 year to +1 year	(850)	874	(1,006)	1,041
of which the Netherlands	90 years	90 years					
of which the UK	89 years	89 years					
of which the USA	89 years	89 years					
Rate of increase in health care costs [D]	8.0%	7.0%	-1% to +1%	(295)	359	(338)	422
Discount rate for health care plans [D]	6.0%	5.6%	-1% to +1%	390	(314)	457	(358)

[A] Based on active members.

[B] Decrease is mainly due to the Netherlands (WTP).

[C] Excluding US funds in the weighted average inflation rate, because of the insignificant impact on the defined benefit obligation.

[D] Mainly related to post-retirement health care benefits in the USA.

25. Decommissioning and other provisions

	\$ million						
	Decommissioning and restoration	Legal	Onerous contracts	Environmental	Redundancy	Other	Total
At January 1, 2024							
Current	1,296	508	224	318	367	1,328	4,041
Non-current	18,157	1,548	880	638	123	1,185	22,531
	19,453	2,056	1,104	956	490	2,513	26,572
Additions	629	261	184	125	1,258	665	3,122
Amounts charged against provisions	(1,034)	(409)	(227)	(148)	(354)	(316)	(2,488)
Accretion expense	830	76	35	14	3	9	967
Disposals and liabilities classified as held for sale	(3,115)	–	–	(3)	2	11	(3,105)
Remeasurements and other movements	1,994	(161)	(33)	(39)	(241)	(505)	1,015
Currency translation differences	(273)	(2)	(1)	(22)	(37)	(52)	(387)
	(969)	(235)	(42)	(73)	631	(188)	(876)
At December 31, 2024							
Current	1,356	457	238	267	932	1,219	4,469
Non-current	17,128	1,364	824	616	189	1,106	21,227
	18,484	1,821	1,062	883	1,121	2,325	25,696
At January 1, 2023							
Current	856	224	277	321	171	1,061	2,910
Non-current	19,429	1,177	1,207	730	153	1,149	23,845
	20,285	1,401	1,484	1,051	324	2,210	26,755
Additions	617	853	26	208	424	806	2,934
Amounts charged against provisions	(777)	(195)	(345)	(233)	(154)	(203)	(1,907)
Accretion expense	643	21	24	13	4	9	714
Disposals and liabilities classified as held for sale	(60)	(1)	–	(16)	(1)	(1)	(79)
Remeasurements and other movements	(1,499)	(24)	(83)	(74)	(113)	(321)	(2,114)
Currency translation differences	244	1	(2)	7	6	13	269
	(832)	655	(380)	(95)	166	303	(183)
At December 31, 2023							
Current	1,296	508	224	318	367	1,328	4,041
Non-current	18,157	1,548	880	638	123	1,185	22,531
	19,453	2,056	1,104	956	490	2,513	26,572

The amount and timing of settlement in respect of these provisions are uncertain and dependent on various factors that are not always within management's control. Reviews of estimated future decommissioning and restoration costs and the discount rate applied are carried out regularly. The discount rate applied at December 31, 2024, was 4.5% (2023: 4.5%).

In 2024, there was a decrease of \$3,105 million in provisions due to disposals and liabilities classified as held for sale. Of this total \$3,053 million relate to liabilities classified as held for sale (see Note 19).

An increase of 0.5% or a decrease of 0.5% in the discount rate could result in a decrease of \$0.9 billion (2023: \$0.9 billion) or an increase of \$1.0 billion (2023: \$1.0 billion) in decommissioning and restoration provisions, respectively. Where applicable, the associated increase in the carrying amount of the related asset would be tested for impairment.

Other provisions at December 31, 2024, include amounts recognised in respect of employee benefits.

The decommissioning and restoration provision at December 31, 2024, is expected to be utilised within:

	\$ million
	Dec 31, 2024
Between 1 to 5 years	5,127
Between 6 to 10 years	3,486
11 years and later	9,871
Total	18,484

26. Financial instruments

Financial instruments in the Consolidated Balance Sheet include investments in securities (see Note 15), trade and other receivables (see Note 16), cash and cash equivalents (see Note 18), trade and other payables (see Note 20), debt (see Note 21) and derivative contracts.

2024

					\$ million
Carrying amount					
	Note	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total carrying amount
Financial assets					
Investments in securities	15	37	97	2,121	2,255
Trade and other receivables	16	51,878			51,878
Derivative financial instruments (non-designated)			10,007		10,007
Derivative hedging instruments (designated)			40		40
		51,915	10,144	2,121	64,180
Cash and cash equivalents	18				39,110
At December 31, 2024		51,915	10,144	2,121	103,290
Financial liabilities					
Debt	21	48,376			48,376
Trade and other payables	20	63,983			63,983
Derivative financial instruments (non-designated)			7,065		7,065
Derivative financial instruments (designated)			2,511		2,511
At December 31, 2024		112,359	9,576		121,935

2023

					\$ million
Carrying amount					
	Note	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Total carrying amount
Financial assets					
Investments in securities	15	28	328	2,890	3,246
Trade and other receivables	16	59,571			59,571
Derivative financial instruments (non-designated)			15,708		15,708
Derivative hedging instruments (designated)			191		191
		59,599	16,227	2,890	78,716
Cash and cash equivalents	18				38,774
At December 31, 2023		59,599	16,227	2,890	117,490
Financial liabilities					
Debt	21	53,832			53,832
Trade and other payables	20	71,340			71,340
Derivative financial instruments (non-designated)			9,773		9,773
Derivative financial instruments (designated)			2,057		2,057
At December 31, 2023		125,172	11,830		137,002