

Annual Report 2021
of
Shell International Finance B.V.

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2021 ANNUAL REPORT SHELL INTERNATIONAL FINANCE B.V.
REPORT TO THE SHAREHOLDER OF SHELL INTERNATIONAL FINANCE B.V.

We herewith submit the Annual Report for the year ended 31 December 2021, consisting of:

1. Directors' report
2. Annual accounts, consisting of:
 - a) Balance sheet as at 31 December 2021;
 - b) Profit and loss account for the year ended 31 December 2021;
 - c) Cash flow statement for the year ended 31 December 2021; and
 - d) Notes to the balance sheet and profit and loss account for the year ended 31 December 2021.
3. Other information including the independent auditor's report.

We have the honour to submit the following proposals:

- a) that the balance sheet as at 31 December 2021, the profit and loss account for the year ended 31 December 2021, the cash flow statement for the year ended 31 December 2021 and the notes to the balance sheet and profit and loss account be finalised in accordance with the enclosed annual accounts;
- b) that the shareholder approves the following proposal for loss appropriation:
 - To deduct the loss amounting to USD 1,123 thousand from the other reserves.
- c) that the Board of Directors be discharged of responsibilities in respect of its management duties for the year 2021.

On behalf of the Board of Directors

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DIRECTORS' REPORT

Board of Directors

B. Bos (Resigned 01 June 2021)
E.J. van der Maas (Appointed 01 June 2021)
A.D. McLean (Resigned 14 April 2022)
L.M. Coulter (Resigned 14 April 2022)
J.B.G.A. Abels (Appointed 14 April 2022)
F.P.E. Mulock van der Vlies Bik (Appointed 14 April 2022)
E.N.T. Kunkels

Review of activities

Shell International Finance B.V. (also referred to as the “Company”) is one of the entities within the “Shell Group” (also referred to as “Shell”). In this context, Shell Group companies are companies in which Shell plc, either directly or indirectly, has control either through a majority of the voting rights or the right to exercise a controlling influence or to obtain the majority of the benefits and be exposed to the majority of the risks. Companies in which Shell Group companies have significant influence but not control are classified as “Associated companies”. Shell plc, a company incorporated in England and Wales, is known as the “Ultimate Parent Company” of the Shell Group.

The principal activity of Shell International Finance B.V. is to provide funding to other members of the Shell Group. The Company obtained its own funding by issuing debt from a US universal shelf registration (unlimited). The Company also has in place committed bank facilities (USD 9.92 billion). Shell plc guarantees all debt issuance programmes and bank guarantees.

The Company's financing requirements in 2021 were met by the issuance of USD 1.5 billion of long term debts, maturing in 2041 and 2051.

The Company has repaid long term debts of USD 7 billion and EUR 1 billion during 2021.

All debt is passed on to Group companies on identical terms, which limits the interest rate and foreign exchange risk to the Company.

2021 developments and results

The loss for the year before taxation amounted to USD 713 thousand, compared to a profit before taxation of USD 346 thousand in 2020. This is primarily due to a increase in the general and administrative expenses.

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For the financial year, the COVID-19 pandemic has had limited impact on the Company's results and cash flows. The organisation has continued to be flexible and enabled the company's activities to be operated. Prime objective for management is to ensure the operations of its activities are carried out in a safe manner without harm to our people, clients and suppliers. With the Company's environment, both customers and suppliers, absorbing the potential implications of the COVID-19 pandemic the potential impact on the financial position of the Company has further reduced to the results and cash flows being more of a regular nature with consistent market influences. As per reporting date the existing liquidity and solvability remain at the required levels to ensure the Company will be able to perform its activities on a going concern basis. Also, the current Ukraine-Russia war has no impact on Company's performance.

The Company employs no staff. This is not expected to change in 2022.

No significant change in the business of the Company has taken place during the year or is expected in the immediately foreseeable future.

The rendering of services by the service companies of the Shell Group to the Company will be continued as deemed necessary.

In 2021, the ultimate Group company, Royal Dutch Shell plc (RDS), has initiated a process to simplify the share structure and the RDS' residence with the objective to strengthen Shell's competitiveness and accelerate both shareholder distributions and delivery of its strategy to become a net-zero emissions energy business. The proposal has been approved by the RDS shareholders and the RDS board. The simplification has been effectuated in 2022. In 2022, Royal Dutch Shell plc has been renamed to Shell plc. The changes at RDS level will not impact the Company and its activities.

Risk management policy

Within the Shell Group a single overall control framework is in place, which is designed to manage rather than eliminate the risk of failure to achieve business objectives, and only provides reasonable and not absolute assurance against material misstatement or loss. The Shell Control Framework applies to the Company and all wholly owned Shell companies and to those ventures and other companies where Shell plc, directly or indirectly, has a controlling interest. Management of the Company is responsible for application of, adherence to and safeguarding of internal systems for risk management.

The risks that the Company are exposed to and the instruments the Company uses to control those risks are not materially different from the risks and instruments other Shell Group companies are exposed to and use. These risks discussed below could have a material adverse effect separately, or in combination, on the Company's operational performance, earnings, cash flows and financial conditions. The other activities and results that the Company is exposed to are a consequence of changing circumstances such as competitive position, economic, political, legal and social circumstances, development in industries and sectors as well as financial circumstances. The most significant risks in general terms are:

Changes in legislation and fiscal and regulatory policies

Changes in legislation, taxation (tax rate or policy), regulation all pose a risk to operations and can affect the operational performance and financial position of the Company.

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Currency fluctuations and exchange control

As part of a global group of companies, changes in currency values and exchange controls could affect the operational performance and financial position of the Company.

Trading and Treasury

In the course of normal business activities the Company is subject to trading and treasury risks. These include inter alia exposure to and the risk of counterparty default (credit risk), with interest rate and foreign exchange exposure, largely managed through the back-to-back nature of debt structures.

The Directors consider the risk appetite of the company to be low on account of the back-to-back nature of its financing activities and the policy of hedging any foreign exchange exposures above USD 5.0 million.

Further reference is made to note 1 on page 12 where these risks are discussed.

Sustainable development

Sustainable development is rooted in the General Business Principles of all Shell companies. For a detailed report on the sustainability and safety performance of Shell, please refer to the Shell Sustainability report that can be found on <http://www.shell.com/sustainability>.

On behalf of
the Board of Directors

Date: Apr 22, 2022

2021 ANNUAL REPORT SHELL INTERNATIONAL FINANCE B.V.**Balance sheet as at 31 December 2021**

(before proposed appropriation of net result)

(in USD '000)	Notes	<u>2021</u>	<u>2020</u>
Fixed assets			
Financial fixed assets	2	52,106,888	59,418,029
Current assets			
Current receivables	3	2,963,538	10,988,175
Current liabilities	4	<u>2,950,284</u>	<u>10,973,798</u>
Current assets less current liabilities		13,254	14,377
Total assets less current liabilities		<u>52,120,142</u>	<u>59,432,406</u>
Non-current liabilities	5	52,106,888	59,418,029
Shareholder's equity	6		
Issued share capital		2,263	2,460
Other reserves		12,114	10,531
(Loss)/profit		<u>(1,123)</u>	<u>1,386</u>
		<u>13,254</u>	<u>14,377</u>
Total shareholder's equity and non-current liabilities		<u>52,120,142</u>	<u>59,432,406</u>

2021 ANNUAL REPORT SHELL INTERNATIONAL FINANCE B.V.**Profit and loss account for the year ended 31 December 2021**

(in USD '000)	Notes	<u>2021</u>	<u>2020</u>
Financial income	8	1,690,358	1,662,758
Financial expense	9	<u>(1,690,425)</u>	<u>(1,662,843)</u>
Financial result		<u><u>(67)</u></u>	<u><u>(85)</u></u>
Other (expense)/income		<u>(646)</u>	<u>431</u>
Result before taxation		(713)	346
Taxation (charge)/credit on result	10	<u>(410)</u>	<u>1,040</u>
Net result after taxation		<u><u>(1,123)</u></u>	<u><u>1,386</u></u>

2021 ANNUAL REPORT SHELL INTERNATIONAL FINANCE B.V.**Cash flow statement for the year ended 2021**

	<u>2021</u>	<u>2020</u>
(in USD '000)		
Cash flow from operating activities		
(Loss)/profit before tax	(713)	346
Interest income	(1,690,358)	(1,662,758)
Interest expense	1,690,425	1,662,843
Movement in working capital	646	(431)
Loans granted to Group companies	(1,485,710)	(13,006,812)
Loan repayments from Group companies	8,176,666	5,250,000
Loans granted to Group companies from proceeds of commercial paper	-	(9,814,718)
Loan repayments from Group companies from proceeds of commercial paper	6,745,830	6,549,490
Interest received	1,542,681	1,470,914
Cash used in operating activities	<u>14,979,467</u>	<u>(9,551,126)</u>
Cash flow from financing activities		
Proceeds from issuance of bonds	1,485,710	13,006,812
Proceeds from issuance of commercial paper	-	9,814,718
Repayment of borrowings	(8,176,666)	(5,250,000)
Repayment of commercial paper	(6,745,830)	(6,549,490)
Interest paid	(1,542,681)	(1,470,914)
Cash flow from financing activities	<u>(14,979,467)</u>	<u>9,551,126</u>
Change in cash and cash equivalents	<u>-</u>	<u>-</u>
Cash and cash equivalents at 1 January	<u>-</u>	<u>-</u>
Cash and cash equivalents at 31 December	<u>-</u>	<u>-</u>

2021 ANNUAL REPORT SHELL INTERNATIONAL FINANCE B.V.

NOTES TO THE FINANCIAL STATEMENTS

Group affiliation and principal activities

The Company has its statutory seat in The Hague. The Company is one of the companies of the Shell Group. The term “Companies of the Shell Group” (“Group companies”) means companies in which Shell plc, based in London, United Kingdom, either directly or indirectly, has control either through a majority of the voting rights or the right to exercise a controlling influence or to obtain the majority of the benefits and be exposed to the majority of the risks. The financial information of the Company has been consolidated in the 2021 financial information of Shell plc. Shell plc, a company incorporated in England and Wales, is known as the “Ultimate Parent Company” of the Shell Group.

The shares of the Company are held by Shell plc.

The Company’s principal activity is to acquire funds by contracting public or private loans or otherwise and to make such funds available in whatever form, to companies and enterprises in which companies of the Shell Group have a direct or indirect participation. The Group is engaged worldwide in all the principal aspects of the oil and natural gas industry. The Group also has interests in chemicals and alternative energy.

Basis of preparation

The annual accounts are drawn up in accordance with the legal requirements of Part 9, Book 2 of The Netherlands Civil Code and the authoritative statements in the Dutch Accounting standards (DAS) for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board. The Company's financial statements were prepared in April 2022. The Company's financial statements are prepared on a going concern basis.

The Company has a USD functional currency, which reflects the primary economic environment in which the Company operates.

The financial information of the Company and other Group companies is incorporated in the consolidated financial statements of Shell plc, which forms part of the Annual Report and Form 20F for the year ended 31 December 2021 of Shell plc, which has been deposited at the office of the Chamber of Commerce in The Hague, The Netherlands.

The balance sheet and profit and loss account include reference numbers, matching the corresponding numbers in the notes.

2021 ANNUAL REPORT SHELL INTERNATIONAL FINANCE B.V.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

Historical cost

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or current value.

Judgments and estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates and uncertainties. If necessary for the purposes of providing the insight required under Section 362 (1), Book 2 of The Netherlands Civil Code, the nature of these estimates and judgements, including key related assumptions, is disclosed in the notes to the financial statement items in question.

Foreign currency translation

The financial statements are prepared in USD, the functional and presentation currency of the entity. Each entity in the Shell Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions denominated in foreign currencies in the reporting period are recognised in the annual accounts at the exchange rate ruling at the transaction date. Monetary assets and liabilities in foreign currencies of the Company are translated into the functional currency at the year-end rate of exchange (year-end rate 2021: 1 EUR = 1.13 USD; year-end rate 2020: 1 EUR = 1.23 USD). Rate of exchange differences resulting from the translation are debited or credited to the profit and loss account.

Non-monetary assets held at cost are recognised using the exchange rates prevailing at the dates of the transactions (or the approximated rates).

Impairment of assets

The Company assesses at each balance sheet date whether an asset or group of assets is impaired. If there is objective evidence of impairment, the amount of the impairment loss is determined and recognised in the profit and loss account for all categories of assets.

The amount of impairment losses on financial assets stated at amortised cost is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised in the profit and loss account.

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NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies (continued)

External bonds and payables to bank and credit institutions

External bonds and payables to bank and credit institutions are initially recognised at fair value less attributable costs and subsequently recognised at amortised cost, including the corresponding discount or premium. The discount or premium is amortised on an effective interest rate basis over the life of the debt and taken to the profit and loss account. Coupon payments are recognised on an accruals basis.

Internal loans and receivables from Group companies

Internal loans and receivables from Group companies are initially recognised at fair value plus attributable costs and subsequently recognised at amortised cost, including the corresponding discount or premium. The discount or premium is amortised on an effective interest rate basis over the life of the debt and taken to the profit and loss account. Coupon payments are recognised on an accruals basis.

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.

Current liabilities

On initial recognition, current liabilities are carried at fair value less directly attributable transaction costs (in the case of financial liabilities not carried at fair value through profit or loss).

After initial measurement, other current liabilities are carried at amortised cost using the effective interest method. Gains or losses are recognised in the profit and loss account when the liabilities are derecognised, as well as through the amortisation process.

Non-current liabilities

Non-current liabilities are initially recognised at fair value, less directly attributable transaction costs, in the case of financial liabilities not carried at fair value through profit or loss.

After initial measurement, liabilities are carried at amortised cost using the effective interest method. Gains and losses are taken to the profit and loss account when the liabilities are de-recognised, as well as through the amortisation process.

Shareholder's equity

The Company's share capital, which is denominated in EUR, is translated into the functional currency (USD) at the year-end rate of exchange. Gains and losses in exchange arising as a result of this translation are included as Cumulative Currency Translation Differences (CCTD) in shareholder's equity.

Financial instruments

Financial instruments on the balance sheet include accounts receivable, other financial fixed assets and current and non-current liabilities.

2021 ANNUAL REPORT SHELL INTERNATIONAL FINANCE B.V.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies (continued)

Financial instruments (continued)

The principal risks arising from the Company's financial instruments are currency risks, interest rate risk and credit risk. Risks are managed centrally for Shell plc as a whole as provided in risk management policy in Directors' report. The Company's policy to mitigate these risks is set out below. The Company applies no hedge accounting.

The Company has financial instruments in relation to the following financial risks:

Currency risk

The Company holds financial instruments denominated in foreign currencies and is therefore exposed to foreign exchange risk. This risk is minimised due to the nature of the back to back lending arrangements. Based on a risk analysis, the Board of Directors has determined that any individual activities, over USD 5.0 million, would generally be economically hedged by Foreign Exchange Forwards. No such contracts were entered into in 2021 (2020: none).

Interest rate risk

The Company is exposed to floating interest rate risk on interest-bearing receivables (mainly taken up in financial fixed assets, securities and cash at bank and in hand), and interest-bearing long-term and current liabilities (including loans from credit institutions).

The Company is exposed to the variability in cash flows of variable interest rates on receivables and liabilities. In relation to fixed interest receivables and liabilities, it is exposed to changes in the fair value of the receivables and liabilities. These risks are minimised due to the nature of the Company's back-to-back lending arrangements.

Credit risk

The Company on-lends funds generated from bond issuance to Group companies, all of significant size and importance within the Shell Group. These companies have a long and proven track record of being reliable creditors, and their suitability for future credit is monitored on an ongoing basis.

The Company has procedures and policies in place to limit the amount of interest, currency and credit exposure to any counterparty or market based on their credit ratings.

The contract/notional amounts of the financial instruments outstanding give an indication of the extent that these financial instruments are used but not of the exposure to credit or market risk.

Financial instruments include both primary financial instruments, such as receivables, securities and payables, and derivative financial instruments.

The total exposure for credit risk is USD 55,070,426 thousand (2020: USD 70,406,204 thousand) out of which the amounts due from Shell Petroleum N.V. is USD 54,623,628 thousand (2020: USD 63,259,524 thousand).

2021 ANNUAL REPORT SHELL INTERNATIONAL FINANCE B.V.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies (continued)

Financial instruments (continued)

Derecognition of financial assets and liabilities

A financial instrument is derecognised if a transaction results in the transfer, to a third party, of all or nearly all rights to economic benefits and of all or nearly all the risks attached to the position.

Interest income

Interest income is recognised pro rata in the profit and loss account. The effective interest rate for the asset concerned is taken into account, provided the income can be measured and the income is probable to be received.

Interest expense

Interest expense is allocated to successive financial reporting periods in proportion to the outstanding principal. Premiums and discounts are treated as annual interest charges so that the effective interest rate, together with the interest payable on the loan, is recognised in the profit and loss account, with the amortised cost of the liabilities being recognised in the balance sheet. Period interest charges and similar charges are recognised in the year in which they fall due.

Taxation

For the assessment of Netherlands income tax, the Company, together with its parent company, Shell plc, and most of its subsidiaries in the Netherlands forms part of a fiscal unit.

Shell plc charges the estimated corporation tax relating to the subsidiaries forming part of the fiscal unit to these subsidiaries. Settlement of Netherlands income tax in the fiscal unit is based on fiscal results.

Deferred tax assets and liabilities are recognised in respect of timing differences between fiscal valuation of assets and liabilities and the valuation principles as used in these annual accounts. Deferred tax assets and liabilities are calculated based on the statutory tax rates as at year-end or future applicable rates, insofar as already decreed by law ('substantially enacted').

Deferred tax assets, including those from losses carried forward, are recognised if it is probable that fiscal profit will be available to offset losses, and settlement possibilities can be utilised.

2021 ANNUAL REPORT SHELL INTERNATIONAL FINANCE B.V.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies (continued)

Taxation (continued)

Income tax is calculated on the profit/(loss) before tax in the profit and loss account, taking into account any losses carried forward from previous financial years (where not included in deferred income tax assets) and tax-exempt items and non-deductible expenses. Account is also taken of changes in deferred income tax assets and liabilities owing to changes in the applicable tax rates.

Deferred income taxes are recognised at face value.

The companies in the Dutch fiscal unit are jointly and severally liable for tax liabilities of the entire fiscal unit.

Amortised cost

Amortised cost is the amount at which a financial asset or liability is measured at initial recognition less repayments of the principal, plus or less the cumulative amortization using the effective interest method for any difference between this initial amount and the maturity amount, and less any reductions (effected directly or through a provision being formed) for impairment and doubtful debts.

Cash flow statement

The Cash flow statement has been prepared in accordance with the indirect method.

Cash and cash equivalents consists of cash at bank and in hand and current securities. The securities are highly liquid investments. The highly liquid short-term investments can be converted into cash without restriction and subject to an insignificant risk of decreases in value as a result of the transaction.

Cash flows denominated in foreign currencies have been translated into the functional currency using the exchange rates prevailing at the dates of the transactions. For the purpose of cash flow statement disclosure, the Company treats cash flows associated with the lending of funds to Group companies as operating activities. Cash flows associated with borrowings made from third parties are classified as financing activities. Transactions not resulting in an inflow or an outflow of cash are not recognised in the cash flow statement, in so far as they do not form a component of profit before tax.

2021 ANNUAL REPORT SHELL INTERNATIONAL FINANCE B.V.
NOTES TO THE FINANCIAL STATEMENTS

Notes to the balance sheet

2 Financial fixed assets

2021	Loans to Group companies
(in USD '000)	<u> </u>
Carrying amount at 1 January 2021	59,418,029
Exchange differences	(1,644,282)
New loans to Group companies	1,485,710
Amortisation	32,176
Repayment of loans	(3,494,573)
Assets reclassified to current receivables	<u>(3,690,172)</u>
Carrying amount at 31 December 2021	<u>52,106,888</u>

Loans to Group companies

Included in Loans to Group companies is an unamortised loan premium of USD 203,889 thousand (2020: USD 228,532 thousand).

The maturity profiles, fair values and weighted annual rates of interest applicable to long term debt (as detailed in note 5) are consistent with those for financial assets due to the back-to-back nature of lending arrangements.

No allowance for bad debt has been recognised in the accounts. As detailed in note 5, credit risk is judged to be minimal given that on-lending of funds is made to Group companies with a good credit history.

3 Current receivables

(in USD '000)	<u>2021</u>	<u>2020</u>
Amounts receivable from Group companies	2,625,452	10,574,551
Prepayments and accrued interest income	<u>338,086</u>	<u>413,624</u>
Total	<u>2,963,538</u>	<u>10,988,175</u>

2021 ANNUAL REPORT SHELL INTERNATIONAL FINANCE B.V.**NOTES TO THE FINANCIAL STATEMENTS****3 Current receivables (continued)**

Amounts receivable from Group companies includes loans to Group companies of USD 2,545,850 thousand (2020: USD 10,459,369 thousand).

Prepayments and accrued interest income includes prepayments of USD 40 thousand (2020: USD 40 thousand).

4 Current liabilities

	2021	2020
(in USD '000)		
Amounts payable to Group companies	66,387	100,845
Amounts payable to bank and credit institutions	2,545,851	10,459,369
Accrued interest expense	<u>338,046</u>	<u>413,584</u>
Total	<u>2,950,284</u>	<u>10,973,798</u>

5 Non-current liabilities

	Payable to bank and credit institutions
2021	
(in USD '000)	
Carrying amount at 1 January 2021	59,418,029
Exchange differences	(1,644,282)
New debts issued to bank and credit institutions	1,485,710
Amortisation	32,176
Repayment of loans	(3,494,573)
Payables reclassified to current liabilities	<u>(3,690,172)</u>
Carrying amount at 31 December 2021	<u>52,106,888</u>

2021 ANNUAL REPORT SHELL INTERNATIONAL FINANCE B.V.

NOTES TO THE FINANCIAL STATEMENTS

5 Non-current liabilities (continued)

Included in payable to bank and credit institutions is an unamortised loan premium of USD 203,889 thousand (2020: USD 228,532 thousand).

The interest rates on bonds vary between 0.2% and 6.4%. Shell plc with a credit rating of A+ (as per Standard & Poor's), guarantees all debt issuance programmes. USD 54,356,865 thousand of the debt portfolio at 31 December 2021 is subject to fixed rates (2020: USD 62,873,223 thousand).

Long-term liabilities with a remaining term of less than one year, including repayment commitments for the following year, are recognised under current liabilities.

Payable to bank and credit institutions

2021	Due within 1 year	Due between 1-2 years	Due between 2-3 years	Due between 3-4 years	Due between 4-5 years	Due after more than 5 years	Total
(in USD '000)							
Maturity, at face value:							
CHF	-	875,465	-	-	-	574,524	1,449,989
EUR	2,546,401	-	3,112,268	2,546,401	1,131,734	10,468,538	19,805,342
GBP	-	-	-	-	-	1,351,534	1,351,534
USD	-	2,500,000	1,250,000	2,750,000	2,750,000	23,000,000	32,250,000
	<u>2,546,401</u>	<u>3,375,465</u>	<u>4,362,268</u>	<u>5,296,401</u>	<u>3,881,734</u>	<u>35,394,596</u>	<u>54,856,865</u>
Maturity, at fair value:							
CHF	-	888,600	-	-	-	601,392	1,489,992
EUR	2,577,862	-	3,195,615	2,648,216	1,266,857	10,825,424	20,513,974
GBP	-	-	-	-	-	1,220,148	1,220,148
USD	-	2,550,147	1,284,703	2,938,899	2,922,026	27,101,545	36,797,320
	<u>2,577,862</u>	<u>3,438,747</u>	<u>4,480,318</u>	<u>5,587,115</u>	<u>4,188,883</u>	<u>39,748,509</u>	<u>60,021,434</u>

2021 ANNUAL REPORT SHELL INTERNATIONAL FINANCE B.V.
NOTES TO THE FINANCIAL STATEMENTS

5 Non-current liabilities (continued)

Payable to bank and credit institutions (continued)

2020	Due within 1 year	Due between 1-2 years	Due between 2-3 years	Due between 3-4 years	Due between 4-5 years	Due after more than 5 years	Total
(in USD '000)							
Maturity, at face value:							
CHF	-	-	908,471	-	-	596,185	1,504,656
EUR	1,230,012	2,767,528	-	3,382,534	2,764,187	12,607,626	22,751,887
GBP	-	-	-	-	-	1,366,680	1,366,680
USD	2,500,000	1,000,000	4,500,000	1,250,000	4,250,000	24,250,000	37,750,000
	<u>3,730,012</u>	<u>3,767,528</u>	<u>5,408,471</u>	<u>4,632,534</u>	<u>7,014,187</u>	<u>38,820,491</u>	<u>63,373,223</u>
Maturity, at fair value:							
CHF	-	-	929,987	-	-	642,693	1,572,680
EUR	1,251,094	2,843,585	-	3,520,488	2,942,033	13,789,379	24,346,579
GBP	-	-	-	-	-	1,381,575	1,381,575
USD	2,529,150	1,044,083	4,749,462	1,322,325	4,688,253	30,357,742	44,691,015
	<u>3,780,244</u>	<u>3,887,668</u>	<u>5,679,449</u>	<u>4,842,813</u>	<u>7,630,286</u>	<u>46,171,389</u>	<u>71,991,849</u>

The fair values and face values of intra-Group loan receivables are consistent with those shown for external bonds above, due to the back-to-back nature of the Company's debt structures. Fair value has been predominantly obtained from quoted market prices.

Refinancing risk is assessed as low because of the back-to-back nature of the Company's debt structure and on-lending to members of the Shell Group. Principal repayments on debt will be consistent with those on the related intra-Group loan, thereby minimising risk to the Company.

No loan covenants are in place in respect of debt issued by the Company.

Long term debt repayable within one year:

- EUR 1,250,000 thousand matures on 15 March 2022.
- EUR 1,000,000 thousand matures on 06 April 2022.

2021 ANNUAL REPORT SHELL INTERNATIONAL FINANCE B.V.**NOTES TO THE FINANCIAL STATEMENTS****6 Shareholder's equity**

The Company's authorised share capital comprises 10,000 ordinary shares of EUR 1,000 each, amounting to a nominal value of EUR 10,000,000.

As at 31 December 2021, 2,000 ordinary shares (2020: 2,000 ordinary shares) were issued and fully paid with a nominal value of EUR 2,000,000 (2020: EUR 2,000,000).

The Company's share capital is denominated in EUR and therefore it has been revalued at the year-end rate of 1.13 USD per EUR, resulting in CCTD, which are recognised in other reserves.

2020 (in USD '000)	Issued share capital	Other reserves	Unappropriated loss	Total
Balance at 1 January 2020	2,242	9,895	854	12,991
Cumulative currency translation differences	218	(218)	-	-
Profit for the year	-	-	1,386	1,386
Appropriation of 2019 result	-	854	(854)	-
Balance at 31 December 2020	<u>2,460</u>	<u>10,531</u>	<u>1,386</u>	<u>14,377</u>

2021 (in USD '000)	Issued share capital	Other reserves	Unappropriated profits	Total
Balance at 1 January 2021	2,460	10,531	1,386	14,377
Cumulative currency translation differences	(197)	197	-	-
Profit for the year	-	-	(1,123)	(1,123)
Appropriation of 2020 result	-	1,386	(1,386)	-
Balance at 31 December 2021	<u>2,263</u>	<u>12,114</u>	<u>(1,123)</u>	<u>13,254</u>

Transfers between issued capital, other reserves and unappropriated profit are described above.

2021 ANNUAL REPORT SHELL INTERNATIONAL FINANCE B.V.

NOTES TO THE FINANCIAL STATEMENTS

7 Arrangements and commitments not shown in the balance sheet

Contingent liabilities

Up until 31 December 2021, for the assessment of Netherlands income tax, the Company, together with its parent company Shell plc and most of its subsidiaries established in the Netherlands, forms part of a fiscal unit. Pursuant to the applicable legal stipulations, each company is jointly and severally liable for the income tax to be paid by the companies involved in the fiscal unit. As from 1 January 2022, the head of the fiscal unity is Shell Petroleum N.V.

2021 ANNUAL REPORT SHELL INTERNATIONAL FINANCE B.V.**NOTES TO THE FINANCIAL STATEMENTS****Notes to the profit and loss account****8 Financial income**

2021	Group companies	Total
(in USD '000)		
Interest income and similar income	<u>1,690,357</u>	<u>1,690,357</u>
2020	Group companies	Total
(in USD '000)		
Interest income and similar income	<u>1,662,758</u>	<u>1,662,758</u>

Overall finance income has increased on account of issuance of new loans and premium received on early repayment of loans partially offset by loan repayment in 2021.

9 Financial expense

2021	Group companies	Banks and similar parties	Others	Total
(in USD '000)				
Interest expense and similar charges	56	1,690,357	-	1,690,413
Currency exchange losses	-	-	12	12
Total	<u>56</u>	<u>1,690,357</u>	<u>12</u>	<u>1,690,425</u>
2020	Group companies	Banks and similar parties	Others	Total
(in USD '000)				
Interest expense and similar charges	25	1,662,757	-	1,662,782
Currency exchange losses	-	-	61	61
Total	<u>25</u>	<u>1,662,757</u>	<u>61</u>	<u>1,662,843</u>

Overall finance expense has increased due to the issuance of new bonds and premium paid on early redemption of bonds partially offset by repayment of bonds in 2021.

2021 ANNUAL REPORT SHELL INTERNATIONAL FINANCE B.V.

NOTES TO THE FINANCIAL STATEMENTS

10 Taxation

The effective tax rate in 2021 is -58% (2020: -301%) in comparison to the nominal corporation tax rate in the Netherlands of 25%. The main reconciling items are:

- Tax effect of USD equivalent of EURO difference in exchange profit of USD 2.3 million which has a tax basis but is not reflected in the functional currency profit and loss account (-84%);
- True-up differences prior years (1%).

The effective tax rate in 2021 is higher with 243% than in 2020 which is mainly due to difference in exchange as mentioned below.

- Tax effect of USD equivalent of EURO difference in exchange profit which has a tax basis but is not reflected in the functional currency profit and loss account (224%);
- Tax effect of USD difference in exchange profit representing functional currency differences in exchange, which has no tax basis (5%);
- True-up differences prior years (14%).

11 Related party transactions

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also entities which can control the Company are considered to be a related party. In addition, statutory directors, other key management of the Company or the ultimate parent company and close relatives are regarded as related parties.

All transactions with related parties are transacted under normal market conditions.

All subsidiaries mentioned on the list deposited by Shell plc with the Trade Register in The Hague are considered related parties for the purposes of this Annual Report over 2021.

12 Employees and salary costs

The Company employed no personnel during 2021 or 2020 and, therefore, incurred no salary or related costs of employment. The board is not rewarded (no costs are allocated from the Group) as they do not spend material time on managing the entity.

13 Audit fees

Reference is made to page 281 of the consolidated Annual Report and Accounts for the year ended 31 December 2021 of Shell plc, as deposited with the Chamber of Commerce in The Hague.

2021 ANNUAL REPORT SHELL INTERNATIONAL FINANCE B.V.

Signatories to the financial statements

For signature of the annual accounts:

The Board of Directors

Carel van Bylandtlaan, 30, The Hague, The Netherlands - 2596 HR, 22 April 2022.

DocuSigned by:
Erik van der Maas
BA22A97D00E34C2...
E.J. van der Maas

DocuSigned by:
Janneke Abels
B20A3E01EAF14EC...
J.B.G.A. Abels

DocuSigned by:
E.N.T. Kunkels
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E.N.T. Kunkels

DocuSigned by:
Fiona Mulock
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F.P.E. Mulock van der Vlies Bik

2021 ANNUAL REPORT SHELL INTERNATIONAL FINANCE B.V.

Other information

Articles of Association provisions governing profit appropriation

Profit is appropriated in accordance with Article 11, paragraph 5 of the Articles of Association, which states that profits shall be at the disposal of the General Meeting of Shareholders.

Independent auditor's report

The next pages contain the Independent auditor's report pertaining to the Annual Report of the Company for 2021.

Independent auditor's report

To: the shareholder of Shell International Finance B.V.

Report on the audit of the financial statements 2021 included in the annual report

Our opinion

We have audited the financial statements 2021 of Shell International Finance B.V. based in The Hague.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Shell International Finance B.V. as at 31 December 2021 and of its result for 2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- ▶ The balance sheet as at 31 December 2021
- ▶ The profit and loss account for 2021
- ▶ The notes comprising a summary of the accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the Our responsibilities for the audit of the financial statements section of our report.

We are independent of Shell International Finance B.V. (the company) in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

Information in support of our opinion

We designed our audit procedures in the context of our audit of the financial statements as a whole and in forming our opinion thereon. The following information in support of our opinion and any findings were addressed in this context, and we do not provide a separate opinion or conclusion on these matters.

Our understanding of the business

Shell International Finance B.V. is incorporated as a wholly-owned subsidiary of Shell plc to assist Shell plc in raising funds and on-lending money to Shell plc subsidiaries. Shell plc is an international energy company with expertise in the exploration, development, production, refining and marketing of oil and natural gas, as well as in the manufacturing and marketing of chemicals. The main income of Shell International Finance B.V. is the interest income on the loans to Shell plc subsidiaries. Interest risk and foreign exchange risks are offset by the loan to group company in the same currency and having similar terms and conditions.

We paid specific attention in our audit to a number of areas driven by the operations of the company and our risk assessment.

We start by determining materiality and identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error in order to design audit procedures responsive to those risks and to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Materiality

Materiality	\$ 275 million (2020: \$ 350 million)
Benchmark applied	0.5 % of total assets (total of "Financial fixed assets" and "Current receivables")
Explanation	We determined materiality based on our understanding of the company's business and our perception of the financial information needs of users of the financial statements. We considered that total assets reflects the source of income and repayments to the holders of the notes issued by the company. We determined materiality consistent with prior financial year.

We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the board of directors that misstatements in excess of \$ 13.75 million, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Teaming

We ensured that the audit team included the appropriate skills and competences which are needed for the audit of a listed finance company.

Our focus on fraud and non-compliance with laws and regulations

Our responsibility

Although we are not responsible for preventing fraud or non-compliance and we cannot be expected to detect non-compliance with all laws and regulations, it is our responsibility to obtain reasonable assurance that the financial statements, taken as a whole, are free from material misstatement, whether caused by fraud or error.

Our audit response related to fraud risks

We identify and assess the risks of material misstatements of the financial statements due to fraud. During our audit we obtained an understanding of the company and its environment and the components of the system of internal control, including the risk assessment process and the board of directors' process for responding to the risks of fraud and monitoring the system of internal control, as well as the outcomes.

We refer to section 'Risk management policy' of the director's report for the board of directors' (fraud) risk assessment.

We evaluated the design and relevant aspects of the system of internal control and in particular the fraud risk assessment. We evaluated the design and the implementation of internal controls designed to mitigate fraud risks.

As part of our process of identifying fraud risks, we evaluated fraud risk factors with respect to financial reporting fraud, misappropriation of assets and bribery and corruption. We evaluated whether these factors indicate that a risk of material misstatement due to fraud is present.

We incorporated elements of unpredictability in our audit. We also considered the outcome of our other audit procedures and evaluated whether any findings were indicative of fraud or non-compliance.

As in all of our audits, we addressed the risks related to management override of controls. We have used data analysis to identify and address high-risk journal entries. We evaluated the business rationale of transactions with related parties and whether these were accounted for at-arm's length and in accordance with transfer pricing documentation. We have also performed procedures among others to evaluate key accounting estimates for management bias that may represent a risk of material misstatement due to fraud, in particular relating to important judgment areas and significant accounting estimates, including the recoverability of the loans to and amounts receivable from Group companies, as disclosed in Note 1. "Accounting policies". We refer to our audit response in the key audit matter "Recoverability of the loans to and amounts receivable from Group companies".

We considered available information and made enquiries of relevant members of the board of directors as well as the group auditor of Shell plc.

The consideration of the potential risk of management override of controls or other inappropriate influence over the financial reporting process, enquiries and assessment of other available information did not lead to specific indications for fraud or suspected fraud potentially materially impacting the view of the financial statements.

Our audit response related to risks of non-compliance with laws and regulations

We assessed factors related to the risks of non-compliance with laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general industry experience, through discussions with the board of directors, reading minutes and performing substantive tests of details of classes of transactions, account balances or disclosures.

We also inspected (internal) lawyers' letters and have been informed by the board of directors that there was no correspondence with regulatory authorities, enquired with the group auditor of Shell plc and remained alert to any indication of (suspected) non-compliance throughout the audit. Finally we obtained written representations that all known instances of non-compliance with laws and regulations have been disclosed to us.

Our audit response related to going concern

As disclosed in note '2021 developments and results', the board of directors made a specific assessment of the company's ability to continue as a going concern and to continue its operations for at least the next 12 months.

We discussed and evaluated the specific assessment with the board of directors exercising professional judgment and maintaining professional skepticism. We considered whether the board of directors' going concern assessment, based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, contains all events or conditions that may cast significant doubt on the company's ability to continue as a going concern, including considerations relating to the financial position of Shell plc in cooperation with the group auditor. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Based on our procedures performed, we did not identify serious doubts on the company's ability to continue as a going concern for the next 12 months. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company to cease to continue as a going concern.

Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matter to the board of directors. The key audit matter is not a comprehensive reflection of all matters discussed.

In comparison with previous year, our key audit matter did not change.

Recoverability of the loans to and amounts receivable from Group companies

Risk	<p>Shell International Finance B.V. enters into capital market transactions (issuance of notes) and subsequent into lending transactions with subsidiaries of Shell plc ("borrowers"). To fulfil the obligations to the external market, Shell International Finance B.V. is dependent on the recoverability of the loans to and amounts receivable from Group companies.</p> <p>The recoverability of the loans to and amounts receivable from group companies is a key audit matter as this determines the ability of Shell International Finance B.V. to fulfil its obligations and therefore the company's ability to continue as a going concern and we consider the potential risk of management override of controls or other inappropriate influence over the financial reporting process.</p> <p>Further reference is made to "Impairment of assets" and "Credit risk" in the Accounting Policies and notes "2 Financial Fixed Assets" and "3 Current receivables" in the Notes to the Balance Sheet, as included in the financial statements.</p>
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Recoverability of the loans to and amounts receivable from Group companies

<p>Our audit approach</p>	<p>Our audit procedures included, amongst others, evaluating the appropriateness of the company's accounting policy relating to the measurement of loans to and amounts receivable from Group companies in accordance with Part 9 of the Book 2 of the Dutch Civil Code and Dutch Accounting Standard 290 'Financial instruments' and the criteria set to determine that there is objective evidence of non-recoverability and whether these have been applied consistently. We also evaluated the design of internal controls of the processes underlying the identification and assessment of objective evidence for non-recoverability as part of the financial statement closing process.</p> <p>Furthermore, we confirmed our understanding of the financial position of the borrowers and verified whether there are any indicators of non-recoverability.</p> <p>Since the bonds are guaranteed by Shell plc, we also assessed the ability of Shell plc to fulfil its obligations if a possible default by the borrowers and thus Shell International Finance B.V. occurs. We confirmed our understanding of the 2021 financial position of Shell plc by referencing the annual report of Shell plc for the year ended December 31, 2021. By means of the annual report we verified if the net asset value and liquidity are positive and we noted no subsequent events that impact the ability of Shell plc to fulfil its obligations.</p>
<p>Key observations</p>	<p>The borrowers all have a positive net asset value per 31 December 2021 and sufficient liquidity to fulfil their obligations. Therefore we noted no indicators of non-recoverability of loans to and amounts receivable from group companies.</p> <p>Based on the financial position and cash flows from operating activities of Shell plc as at 31 December 2021 and for the year then ended, we noted no indicators of Shell plc not being able to fulfil its obligations if Shell International Finance B.V. would not be able to fulfil its obligations.</p>

Report on other information included in the annual report

The annual report contains other information in addition to the financial statements and our auditor's report thereon.

Based on the following procedures performed, we conclude that the other information:

- ▶ Is consistent with the financial statements and does not contain material misstatements
- ▶ Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code for the management report and the other information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

The board of directors is responsible for the preparation of the other information, including the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information required by Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Engagement

We were engaged by the shareholder as auditor of Shell International Finance B.V. on 22 June 2016, as of the audit for the year 2016 and have operated as statutory auditor ever since that financial year.

Description of responsibilities regarding the financial statements

Responsibilities of the board of directors for the financial statements

The board of directors is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the board of directors is responsible for such internal control as the board of directors determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the board of directors is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, the board of directors should prepare the financial statements using the going concern basis of accounting unless the board of directors either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The board of directors should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit engagement in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. The "Information in support of our opinion" section above includes an informative summary of our responsibilities and the work performed as the basis for our opinion.

Our audit further included among others:

- ▶ Performing audit procedures responsive to the risks identified, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- ▶ Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

Communication

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine the key audit matters: those matters that were of most significance in the audit of the financial statements. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Amsterdam, 22 April 2022

Ernst & Young Accountants LLP

signed by R.A.J.H. Vossen