

LIMEJUMP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

Liquidity – in the year ended 31 December 2020 the Company received 2 capital injections from Shell in order to facilitate delivery on the business plan. The Company will continue to rely upon the support of its parent as it matures and develops towards a break-even financial position.

Regulation – The UK power market is highly regulated and Limejump needs to remain vigilant of changes to legislation to ensure compliance and avoid the risk of product and technical obsolescence. The recent Reserve and Frequency review by National Grid is an example of an area where Limejump keeps in close consultation with the ESO National Grid over proposed and announced changes – including the launch during 2020 of Dynamic Containment. There is an increasing requirement for Flexible power to help balance the grid and Limejump needs to ensure its technology and product offer remains aligned to regulation going forward.

The suspension of the Capacity Market during 2019 created uncertainty for developers of new assets to which Limejump provides flexibility services.

This suspension was lifted during 2020 however the industry is heavily regulated and Limejump continually monitors and contributes to industry legislative reviews such as the Targeted Charging Review being undertaken by OFGEM.

Credit – Limejump diversifies credit risk by transacting with a wide range of clients. The Company also completes thorough assessment of client creditworthiness before new customers are onboarded.

External Factors – Limejump is exposed to external economic and geopolitical environment which affect the UK power industry. Issues like COVID-19 and the macro-economic slowdown can impact wholesale energy prices and also the development of new renewable and flexible assets coming onto the system. These external factors can impact the ability of Limejump to grow its renewable portfolio and also the returns which can be generated from the assets in the portfolio.

KEY PERFORMANCE INDICATORS

The Company's key performance indicators, that give an understanding of the development, performance and position of the business, are aligned with those of the Shell Group. The development, performance and position of the various businesses is discussed in Royal Dutch Shell's Annual Report and the key performance indicators through which the Group's performance is measured are also set out in the Group Report.

	Year Ended 31.12.2020	Year Ended 31.12.2019
	£	£
Turnover	94,703,772	106,688,866
Operating Loss	-8,690,515	-11,212,532

In the year ended 31 December 2020 the Group reduced its operating losses by 22% driven predominantly by increasing its renewable generation assets under management and increasing its product offering in flexibility services. Turnover during the year fell by 11% though this was largely due to £25m of ROC inventory which was held on the Balance Sheet at December 2020 and sold during January 2021.

SECTION 172(1) STATEMENT

The Companies (Miscellaneous Reporting) Regulations 2018 ('2018 MRR') require Directors to explain how they considered the interests of key stakeholders and the broader matters set out in section 172(1) (A) to (F) of the Companies Act 2006 ('S172') when performing their duty to promote the success of the Company under S172. This includes considering the interest of other stakeholders which will have an impact on the long-term success of the company.

This Section 172 Statement explains how the Directors have acted in the way they consider, in good faith, would most likely promote the success of the Company for the benefit of its member(s) as a whole, and in doing so have regard (among other matters) to:

- the likely consequences of any decision in the long term and the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct;
- the need to act fairly as between members of the company; and

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- employee interests, the need to foster the company's business relationships with suppliers, customers, and others, and the effect of that regard, including on the principal decisions taken by the Company during the financial year.

Ahead of matters being put to the Board for consideration, significant levels of engagement are often undertaken by the broader business ahead of many of Shell projects or activities. This engagement is often governed by formulated policies, control frameworks, regulation, legislation and may differ by region. Dependent on the project or activity, Board members may participate in some of this engagement.

GOVERNANCE CONTROLS

The Company is a subsidiary entity of a listed Company, RDS, which is subject to the UK Corporate Governance Code.

As a member of the Shell Group, the Company is part of an organisation which follows a highly developed and formalised governance and oversight framework. The Directors consider this a suitable corporate governance arrangement for the Company and have full confidence in its operating effectiveness.

Shell has an integrated, consistent process to delegate authority from the Royal Dutch Shell plc Board and other Shell company boards to organisations, individuals and committees. The objective of delegating authorities is to ensure that decisions are made at the appropriate level in the organisation and that transactions are carried out by the appropriate company. Support from the business or functional line is achieved through organisational authorities. Organisational support, as a general rule, precedes corporate approval.

Shell operates in an environment of uncertainty and significant volatility, that provides risks (upside and downside) to meeting individual Company and Group objectives. Shell has therefore adopted a risk-based approach to the overall design of the Shell Control Framework and its components. It requires management in businesses and functions to understand the relationship between the business environment, objectives, risks and performance, and to establish appropriate risk responses and assess their effectiveness.

The strategic aims of the Company are considered to be derived from those of the Shell Group; which are discussed in the Group Report.

Ahead of each board meeting, directors are asked to confirm that there is no conflict of interests between those of the Company and their own interests in the business being considered.

The Shell Group maintains a code of business conduct and ethics for all employees which are established in the Shell General Business Principles and the Shell Code of Conduct. Employees, contract staff, third parties with whom Shell has a business relationship (such as customers, suppliers and agents), and any member of the public (including shareholders) may raise ethics and compliance concerns (anonymously if preferred) through the Shell Global Helpline. This is a worldwide confidential reporting mechanism.

Legal entity directorships are allocated to individuals of sufficient seniority on the basis of business or functional expertise that reflects the operating requirements of the particular Company. The level of activity and complexity of the Company is also taken into account when considering the size and structure of the board.

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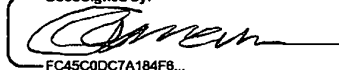
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HUMAN RIGHTS

Respect for human rights is embedded in the Shell Group's Business Principles and Code of Conduct. This approach is informed by the Universal Declaration of Human Rights, the core conventions of the International Labour Organization and the United Nations' Guiding Principles on Business and Human Rights.

The Shell Group works closely with other companies and non-governmental organisations to continuously improve the way it applies these principles, with a focus on four key areas: communities, security, labour rights, and supply chain. The Shell Group has systems and processes in place for managing projects, contracting and procurement, recruitment and employment, security and social performance and requires all Group companies and contractors to respect the human rights of their workforce and neighbouring communities. The Shell Group's Modern Slavery Statement provides more details about the process applied. It can be found at www.shell.com/uk-modern-slavery-act.html.

On behalf of the board

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C Newman
Director

Date: 10 September 2021