

Shell Hasdrubal Limited

Strategic report for the year ended 31 December 2020 (continued)

Going concern

In determining the appropriate basis of preparation of the Financial Statements, the Directors are required to consider whether the Company can continue in operational existence over the period to 31 December 2022 (the 'going concern period'). The Directors have considered the potential risks and uncertainties relating to COVID-19 and Brexit impact on the Company's business, credit, market, and liquidity position. Based on the above, together with the Directors knowledge and experience of the market, the Directors continue to adopt the going concern basis in preparing the financial statements for the year ended 31 December 2020.

Subsequent to the period end, Royal Dutch Shell has proposed to the Tunisian government about an on-time handover of Miskar concession by 2022 and an early handover of Hasdrubal concession, though the license period expires by 2037. The negotiations are unlikely to be concluded before 2022 owing to current economic conditions in Tunisia. The Company has a strong net assets position to meet all its liabilities and obligations in the near future. The cash reserve of the Company is around a billion and hence there are no intentions of liquidating the Company immediately post handing back the concession. Due to the uncertainties around handover and liquidation of the Company, the Directors have continued to adopt the financial statements for the year ended 31 December 2020 on a going concern basis.

Section 172(1) statement/Statement of stakeholder interests

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 may affect 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 members 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; and
- 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.

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Ahead of matters being put to the Company 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 this engagement.

The Company is a member of the Shell Group, an organisation which follows a highly developed and formalised governance and oversight framework, which includes but is not limited to Group policies such as the Shell General Business Principles (which sets out the Shell Group's responsibilities to shareholders, customers, employees, business partners and society) and the Shell Code of Conduct.

The strategy of the Company is considered to be derived from those of the Shell Group, which is discussed on pages 18 - 21 of the Royal Dutch Shell plc 2020 Annual Report. The Shell Group internally organises its activities principally along business and function lines but transacts its business through legal entities. This organisation structure is designed to achieve Shell's overall business objectives, whilst respecting the separate legal identity of the individual Shell companies through which it is implemented and the independence of each legal entity's Board of Directors.

PRINCIPAL DECISIONS

We define Principal decisions taken by the Board as those decisions in 2020, that are of a strategic nature and/or that are significant to any of our key stakeholder groups.

To remain concise, we have categorised our key stakeholders into seven groups. Where appropriate, each group is considered to include both current and potential stakeholders.

Key stakeholder groups

- A. Shareholders
- B. Employees/Workforce/Pensioners
- C. Regulators/Governments
- D. NGOs/civil society stakeholders/academia/think-tanks
- E. Communities
- F. Customers
- G. Suppliers/Strategic Partners

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Principal Decisions in 2020

Upon review of the Board activity in 2020 we have determined that no principle decisions were taken by the Board during the year under review. All matters considered by the Board were either standing board updates or the approval of administrative matters.

29 September 2021

Approved by the Board on and signed on its behalf by:

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Mark Tough
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M K Tough
Director