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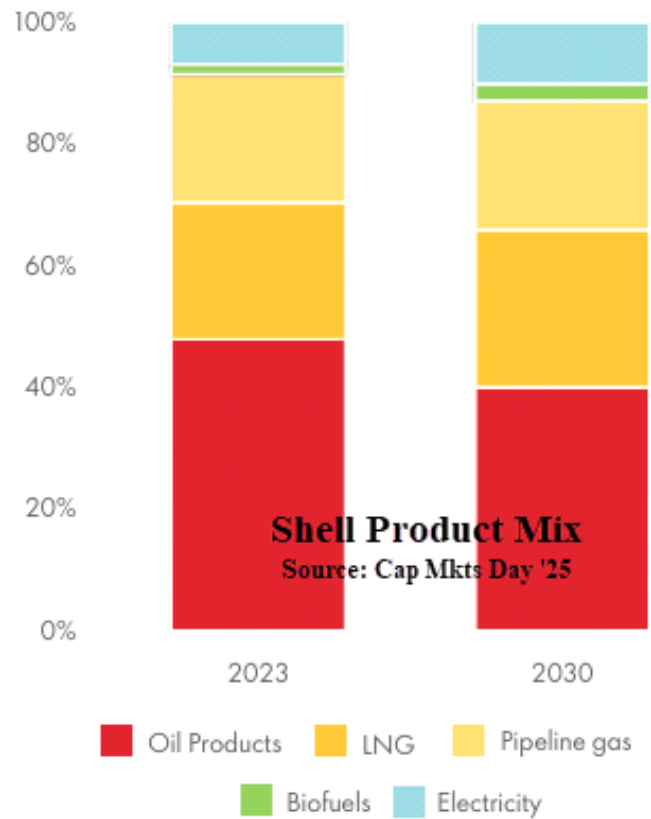
SHEL: Delivering More with Less

Shell Plc CEO Wael Sawan (51) has delivered sharply better operating results while remaining a stalwart of responsible climate oriented improvements to the business model since taking over in 2023. CEO Sawan's strategy is focused on blending new growth initiatives with about \$6 billion (USD) in ongoing operating cost cuts, reducing debt, and aggressively buying back shares that he says are sorely undervalued. In terms of growth, SHEL brought both its Gulf of Mexico "Whale" deep-water platform online this year (60% ownership) and LNG Canada, and also initiated its new 50/50% JV with Equinor, "Adura". Shell is the world's largest LNG supplier at a key time for demand in the European and Asian markets. The Board is led by independent Chairman Sir Andrew Mackenzie (68), the former CEO of BHP. We like that the Board has boosted the cash dividend (~3.8% yield) while supporting the CEO's operational restructuring plans and large, but discretionary, share repurchases.



Executive Team Skills Fit Wael Sawan is a Canadian of Lebanese ancestry. He is a 25-year veteran of Shell and first joined in 1997 as an engineer in Oman and later ran operations in Qatar. As CEO he has focused the firm on liquids and LNG while preserving its reputation as a relatively "green" oil major sensitive to climate problems. We like that the CEO previously ran Shell's global Deepwater upstream unit and Integrated Gas, Renewables and Energy Solutions "RES" business. We also like his discipline in saying that potential M&A prospects need to compete with the IRR of buying back the firm's own shares to be viable. See a

[good video of the CEO presenting at The Economic Club of New York in October here.](#) Sawan joined the executive management committee in 2019 as Upstream Director and as CEO has continued the firm's culture of internal promotions and long tenures while substantively refreshing its global leadership team. Sawan holds a BSc in chemical engineering from McGill University and an MBA from Harvard University. CFO Sinead Gorman (47) is a 26 year veteran of Shell and a member of the Supervisory Board. As CFO she's delivered substantial cost savings and shareholder friendly capital allocation. In 2024 Shell delivered about \$23.7 billion in earnings and \$54.7 billion in operating cash flow, while returning \$22.6 billion to shareholders (\$8.7 B in cash dividends, \$13.9 B in stock buybacks). Free Cash Flow for the third quarter this year was about \$10 billion. The CFO has reduced net debt to about \$41.2 billion or ~0.7x EBITDA. She first joined in 1999 working in London for Shell International Trading before move to treasury roles in The Hague and Houston. Gorman later became an EVP, finance for Upstream projects before being promoted to CFO in 2022. Interestingly, CFO Gorman holds an Oxford University engineering degree and a Masters in Finance from the London Business School. SHEL has 5 major divisions run by divisional presidents: Upstream, Integrated Gas, Chemicals, Downstream RES, and Trading & Supply. We think management is likely to dispose of its Chemicals operation in the coming year even at distressed levels. As part of the eight person executive committee's reorganization in April this year, Cederic Cremers (47) became President, Integrated Gas and Peter Costello (60) became President, Upstream, both joining the Executive Committee on April 1, 2025.



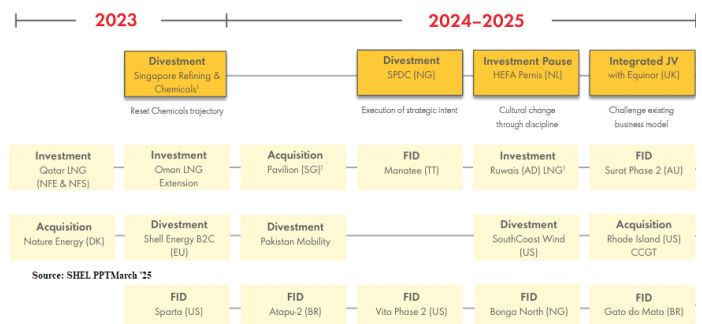
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EVP Cremers is a Dutchman who has been with the firm 24 years and EVP Costello joined in 2016 with acquisition of the BG Group. EVP Machteld de Haan (52) is the President for Downstream and RES. She is a 27 year veteran of the firm. Andrew Smith (60) is the President, Trading & Supply and joined Shell in 1986 as a refinery engineer.

Compensation and Alignment Analysis Shell's executive pay plan is well aligned with outside investors and refreshingly more reasonable than many of its U.S. based competitors. We also like that half of executive's annual bonuses are delivered in 3 year time-vesting stock, not cash, which provides a strong retention feature. At current fx rates, CEO Sawan is paid a \$1.9 million salary and received a \$3 million bonus last year and his total pay was worth about \$11.4 million (about a quarter of XOM's CEO Darren Woods' \$44.2 million, and a third of CVX Mike Wirth's \$33 million). CFO Gorman is paid a salary of about \$1.3 million and received a bonus of \$2.5 million and her total pay was worth about \$9.5 million. Each also received a cash pension allowance equal to 20% of salary. Management's annual bonus is determined by a balanced scorecard method rewarding annual operational and financial results. Bonuses are determined by a good mix of financial (EBIT) and operating metrics in including: Uptime, project deliveries, and ESG factors. Last year, bonuses paid out above target, and represented about a third of total pay. We like that the long term equity LTIP is based completely on performance vesting criteria. The equity LTIP grants performance shares that vest on 3 year equally-weighted metrics of: operating cash flow, relative total return and energy transition progress. We particularly like that Shell does not use time-based vesting RSUs for its executives other than the deferred annual bonus shares.

Equity Ownership Analysis Shell ADRs represent 2 ordinary shares (ADS). Officers and Directors hold meaningful equity stakes but we note that SHEL has over 2.97 billion share out, so no individual has a material stake. Shell requires the CEO to beneficially hold shares equal to 7x his salary and the CFO at least 5x hers, within 5 years of their appointment dates. Both people need at least another year+ of vesting before they will satisfy the requirements. CEO Sawan beneficially owns about 287k shares and CFO Gorman about 112k (roughly 5x and 3x respectively). Board Chairman Sir Andrew Mackenzie beneficially owns about 40k shares. Among major active-share investors, Norges Bank is the largest with a stake of over 182 million shares or about 3.2%, Fidelity holds 2.2%, and Legal & General's investment division about 1.1%.

Capital Allocation Practices Management's capital allocation has been disciplined and leveraged serial share buybacks to boost shareholder returns. There is a current authorization to repurchase up to \$3.5 billion in shares this quarter. We like that in addition to reducing costs, CFO Gorman has further reduced debt to improve operating leverage in the future. The Board restarted its cash dividend growth in 2022 after cutting it in 2020 and CFO Gorman says she is targeting distributions of 45–50% of operating cash flow to investors through dividends and discretionary buybacks. Shell holds a AA - credit rating and boosted the dividend per share to \$1.04 annually (ADRs, \$2.08). CFO Gorman is guiding to \$20–22 billion per year in CapEx through 2028, with a bias toward Upstream and LNG projects. Adjusted net debt, excluding leases, is about \$12 billion, when excluding IFRS 16 lease liabilities. We note the 50/50% independent JV "Adura" that Shell and Equinor have created this year. Adura's portfolio will comprise a broad set of oil and gas fields, and exploration rights, that were previously held by Shell and Equinor in the North Sea. Adura is now the largest oil and gas producer in the UK North Sea.



Material Fiduciary Issues Board Chairman Sir Andrew Mackenzie (68) joined Shell's board in October 2020 and was elected Chair in May 2021. The 13 members of the Supervisory Board are well qualified and diverse but lacking in members under 60. Sir Andrew is the former CEO of BHP Billiton (2013–2019) and was the first mining CEO to pledge Scope 3 emissions targets. Last year, the Board committed Shell to climate projects that aim to

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reduce emissions from Scope 1 and 2 by over 2 million tones. Dick Boer (67) is the Deputy Chairman and Senior Independent Director and has been a Director since 2020. He is the former CEO of Dutch grocery giant Royal Ahold (2011–2018) and led the Ahold–Delhaize merger. Boer is also a director and Chair of the remuneration committee of Nestlé. The Chairwoman of the Audit & Risk Committee is Ann Godbehere (70) who has been on the Board since 2018. She is a CPA and a dual Canadian/British citizen. Godbehere is the former CFO of M&G Insurance and continued as the CFO of Swiss Re from 2003–07. Director Neil Carson OBE (67), is the former CEO of Johnson Matthey and Chairs the Remuneration Committee Chair. Sir Charles Roxburgh (65), is the Chairman of Lloyd's and the former Second Permanent Secretary of the UK Treasury. The Board has supported 16 consecutive quarters of >\$3 billion in share repurchases.