This version of the document is a copy of the original document with some minor technical adjustments to meet the requirements of Shell's Web Content Accessibility Guidelines. The substance of the response has not been altered.

Response Summary:

Non-Financial Reporting Review Call for Evidence

You can access the Smarter Regulation Non-financial Reporting Review: call for evidence.

This call for evidence will close at 11:45pm on 16th August 2023.

The Department for Business and Trade (DBT), working with the Financial Reporting Council (FRC), the UK regulator for corporate reporting, is conducting a review of the non-financial reporting requirements UK companies need to comply with to produce their Annual Report and to meet broader requirements that sit outside of the Companies Act.

The review will also consider if current company size thresholds (micro, small, medium and large) that determine certain non-financial reporting requirements, and the preparation and filing of accounts with Companies House, remain appropriate. This call for evidence is the first stage of the review process.

Your participation in this survey is voluntary, and if at any point in the survey you no longer wish to take part, you are free to terminate the survey.

All responses will be treated as confidential and will be stored on the Department for Business and Trade (DBT) IT infrastructure. Outside of government, access to the responses will be provided to the Financial Reporting Council (FRC). The data will only be accessible by a limited number of government officials and FRC colleagues working on the review.

The data collected is collected in accordance with Article 13 of the UK General Data Protection Regulation (UK GDPR). The data controller for your personal data is the DBT.

You can contact the DBT Data Protection Officer at: DBT Data Protection Officer Department for Business and Trade Old Admiralty Building, Admiralty Place, Whitehall, London, SW1A 2DY.

You can also email: data.protection@trade.gov.uk.

Information provided in response to this call for evidence, including personal information, may be subject to publication or release to other parties or to disclosure in accordance with the access to information regimes.

If you have any questions or queries regarding this survey, please email: **nfr.review@beis.gov.uk**

Q2. I would like my response to be treated as confidential.
- Yes

Q7. What type of respondent are you?
- Business

Q38. What size is your business?
- Large (250 or more employees)

Q39. And are you an accountancy firm?
- No

Q5. What is your organisation's name?
Shell plc

Q6. What is your email address?
[redacted]

Q8. How did you hear about this consultation?
- Email from elsewhere

Q9. Are you a preparer or a user of non-financial information?
- Preparer

The following questions are primarily aimed at the preparers of non-financial information.

Q36. How valuable, if at all, is the preparation and/or disclosure of non-financial information for the effective running of your company?

- Somewhat valuable

Q37. And why do you say that?

You can access the [Smarter Regulation Non-financial Reporting Review: call for evidence](#).

Please consider whether the information:

- ***Helps to attract investment;***
- ***Supports setting of strategy, understanding and improving the long-term value creation of the company and;***
- ***Your transition to net-zero.***

We believe efforts to establish comprehensive sustainability-related disclosures that provide accurate, consistent, comparable, verifiable and decision useful information to meet the needs of investors, governments and other stakeholders are of paramount importance.

The companies in which Shell plc directly and indirectly owns investments are separate legal entities. In this content “Shell”, “Shell Group” and “Group” are sometimes used for convenience where references are made to Shell plc and its subsidiaries in general. Likewise, the words “we”, “us” and “our” are also used to refer to Shell plc and its subsidiaries in general or to those who work for them. This applies to all answers provided from here on forward submitted as part of this call for evidence response.

Q22. What challenges, or costs, if any, does the preparation, disclosure and distribution of non-financial information create for your company?

You can access the [Smarter Regulation Non-financial Reporting Review: call for evidence](#).

Please consider the aspects which are difficult to comply with, the cost related to compliance or the production of information.

Large companies with multiple listings, and significant multinational activities are required to make sustainability disclosures in multiple jurisdictions (in addition to meeting the increasing disclosure expectations of rating agencies, customers and joint venture partners).

Considering Shell's involvement in the global marketplace, our robust and evolving Energy Transition Strategy, and our long history of reporting on environmental and climate-related performance, we believe the development of global climate-related disclosures standards is of paramount importance in providing investors and stakeholders with valuable information. To achieve global alignment, it will be critical for standards setters and regulatory bodies to build on existing guidelines such as Task Force on Climate related Financial Disclosures (TCFD) and coordinate with developing standards such as those published by the International Sustainability Standards Board (ISSB), the European Corporate Sustainability Reporting Directive (CSRD), and those proposed by the Securities and Exchange Commission (SEC) in the US.

Currently, Shell's climate-related disclosures activities in line with TCFD recommendations require time and several million dollars in costs for data and information collection, IT system solutions, services provided and other related tools, techniques, and expertise. This does not include the significant additional time and cost of assurance of our performance data and disclosures. With such a large multinational corporation spanning 70 countries and with more than 90,000 employees, it would be difficult to carve out more specific data on man-hours and costs to climate-related disclosure activities, but this fact also illustrates our point, as these disclosure-related activities are very broad and intensive, and cut through all parts of our business.

In the "Our journey to net zero" section of our Annual Report, we set out our climate-related financial disclosures consistent with all the recommendations and recommended disclosures of the TCFD . This disclosure is 27 pages. We voluntarily reported in line with the EU taxonomy disclosures in our 2022 Annual report ahead of being required to report in the 2024 Annual Report, that disclosure ran to 13 pages.

The EU taxonomy's reporting basis differs from that used in our financial statements, which are based on International Financial Reporting Standards (IFRS). For example, it does not recognise our interests in equity accounted joint ventures and associates, goodwill, feasibility expenses or integrated value chains. These and other differences result in lower reported turnover, capex and opex under the taxonomy compared to our other disclosures. The taxonomy's technical criteria recognise stringent levels of environmental performance rather than transitional steps or alternative pathways. Due to their complexity and reliance on EU standards, the criteria can be difficult to interpret and apply, especially for activities outside the EU.

In addition, new and significant disclosure requirements such as those prescribed under CSRD, proposed US and other climate-related financial metrics will require major additional investment in changing or new processes, IT system solutions, training and controls, which could also require months to years to develop. Climate-related financial metrics would also be subject to additional assurance reviews, further adding to the significant cost to come into compliance with the proposed rules.

Finally, one challenge that we potentially see with proposed assurance requirements specifically could be availability and cost-effectiveness of qualified independent resources to perform limited and reasonable assurance reviews on an annual basis. The supply of available, qualified auditors will be especially limited early on, and the high demand could mean companies are unable to secure and/or afford these resources until further development in this field takes place, which could take several years.

Q23. What, if any, are the key drivers of cost when having to comply with non-financial reporting requirements?

***You can access the [Smarter Regulation Non-financial Reporting Review: call for evidence](). ***

Please respond in line with the following considerations listed below:

- ***Staff costs;***
- ***Time costs;***
- ***Production costs;***
- ***IT infrastructure costs;***
- ***Any other relevant costs.***

Currently, Shell's climate-related disclosures activities in line with TCFD recommendations require time and several million dollars in costs for data and information collection, IT system solutions, services provided and other related tools, techniques, and expertise. This does not include the significant additional time and cost of assurance of our performance data and disclosures. With such a large multinational corporation spanning 70 countries and with more than 90,000 employees, it would be difficult to carve out more specific data on man-hours and costs to climate-related disclosure activities, but this fact also illustrates our point, as these disclosure-related activities are very broad and intensive, and cut through all parts of our business.

In addition, new and significant disclosure requirements such as those prescribed under CSRD, proposed US and other climate-related financial metrics will require major additional investment in changing or new processes, IT system solutions, training and controls, which could also require months to years to develop. Climate-related financial metrics would also be subject to additional assurance reviews, further adding to the significant cost to come into compliance with the proposed rules.

Another challenge that we see with proposed assurance requirements specifically could be availability and cost-effectiveness of qualified independent resources to perform limited and reasonable assurance reviews on an annual basis. The supply of available, qualified auditors will be especially limited early on, and the high demand could mean companies are unable to secure and/or afford these resources until further development in this field takes place, which could take several years.

Q25. Please select the most applicable statement:

***You can access the [Smarter Regulation Non-financial Reporting Review: call for evidence](). ***

- Don't know

Q26. Please explain your answer.

Considering Shell's involvement in the global marketplace, our robust and evolving Energy Transition Strategy, and our long history of reporting on environmental and climate-related performance, we believe the development of global climate-related disclosures standards is of paramount importance in providing investors and stakeholders with valuable information. To achieve global alignment, it will be critical for standards setters and regulatory bodies to build on existing guidelines such as TCFD and coordinate with developing standards such as those published by the International Sustainability Standards Board (ISSB) and the CSRD.

We are doubtful whether some elements of the proposed rules will meet their intended goals, notably for consistent and comparable climate-related disclosures that are useful in meeting the needs of investors and other stakeholders. We also have concerns regarding feasibility, undue burden and significantly increased cost of gathering and disclosing certain information.

Q27. To what extent do the Companies Act non-financial reporting requirements align with other regulatory requirements your company might be in scope of?

For example these might include requirements that are set by the Financial Conduct Authority (FCA) and the Prudential Regulatory Authority (PRA) (or other regulators).

***You can access the [Smarter Regulation Non-financial Reporting Review: call for evidence](). ***

Large companies with multiple listings, and significant multinational activities are required to make sustainability disclosures in multiple jurisdictions (in addition to meeting the increasing disclosure expectations of rating agencies, customers and joint venture partners).

Considering Shell's involvement in the global marketplace, our robust and evolving Energy Transition Strategy, and our long history of reporting on environmental and climate-related performance, we believe the development of global climate-related disclosures standards is of paramount importance in providing investors and stakeholders with valuable information. To achieve global alignment, it will be critical for standards setters and regulatory bodies to build on existing guidelines such as Task Force on Climate related Financial Disclosures (TCFD) and coordinate with developing standards such as those published by the International Sustainability Standards Board (ISSB), the European Corporate Sustainability Reporting Directive (CSRD), and those proposed by the Securities and Exchange Commission (SEC) in the US. Furthermore, it's key to arrange for a proper equivalence regime to prevent an overlay in reporting which will be confusing for investors and stakeholders.

The following questions are aimed at all respondents.

Q29. What changes, if any, would you like the UK Government to make to the current legal requirements for companies to prepare non-financial information, and why?

You can access the Smarter Regulation Non-financial Reporting Review: call for evidence.

You may wish to consider:

- ***The merits and disadvantages of individual requirements;***
- ***The level of difficulty in using or preparing certain types of non-financial information;***
- ***Whether there are opportunities to rationalise or simplify reporting requirements.***

We would encourage UK Government to streamline the non-financial reporting regime by consolidating the various requirements in one place, reducing duplication and developing a single set of reporting requirements, whilst bearing in mind that large companies with multiple listings, and significant multinational activities are required to make sustainability disclosures in multiple jurisdictions (in addition to meeting the increasing disclosure expectations of rating agencies, customers and joint venture partners).

Q30. Thinking about the future of your organisation and the UK's transition to a net zero economy, what changes, if any, do you think may be required to the type of non-financial information produced to guide decision making, and why?

You can access the Smarter Regulation Non-financial Reporting Review: call for evidence.

You may wish to consider whether additional information is required to support decision making (such as Transition Plans and Green Taxonomy disclosures covered by the recently published Mobilising Green Investment: 2023 Green Finance Strategy).

Considering Shell's involvement in the global marketplace, our robust and evolving Energy Transition Strategy, and our long history of reporting on environmental and climate-related performance, we believe the development of global climate-related disclosures standards is of paramount importance in providing investors and stakeholders with valuable information. To achieve global alignment, it will be critical for standards setters and regulatory bodies to build on existing guidelines such as Task Force on Climate related Financial Disclosures (TCFD) and coordinate with developing standards such as those published by the International Sustainability Standards Board (ISSB), the European Sustainability Reporting standards, and those proposed by the Securities and Exchange Commission in the US.

Q31. How should the standards being prepared by the International Sustainability Standards board (ISSB) be incorporated into the UK's non-financial reporting framework?

You can access the Smarter Regulation Non-financial Reporting Review: call for evidence.

You can access the IFRS General Sustainability-related Disclosures
You can access the IFRS Climate- related Disclosures

You may wish to consider:

- ***The role that reporting against any of these standards could have in simplifying the UK's legal framework;***
- ***The role that reporting against any of these standards could have in guiding the transition to a net zero economy;***
- ***The Exposure Drafts for IFRS S1 General Sustainability-related Disclosures and IFRS S2 Climate-related Disclosures first two standards issued by the ISSB.***

Considering Shell's involvement in the global marketplace, our robust and evolving Energy Transition Strategy, and our long history of reporting on environmental and climate-related performance, we believe the development of global climate-related disclosures standards is of paramount importance in providing investors and stakeholders with valuable information. Shell responded in detail to the ISSB exposure draft consultations:
• Consultation Response on IFRS S1 General Requirements for Disclosure of Sustainability related Financial Information Exposure Draft at https://ifrs-springapps-comment-letter-api-1.azuremicroservices.io/v2/download-file?path=611_66219_1_shell-international-b-v--shell-response-issb-sd1-ed.pdf
• Consultation Response on IFRS S2 Climate-related Disclosures Exposure Draft at https://ifrs-springapps-comment-letter-api-1.azuremicroservices.io/v2/download-file?path=611_66219_2_shell-international-b-v--shell-response-issb-sd2-ed.pdf

Q33. To what extent do you agree or disagree that current size and company type thresholds for non-financial reporting information could benefit from simplification?

You can access the [Smarter Regulation Non-financial Reporting Review: call for evidence](#).

- Don't know

Q34. Please explain your answer.

You may wish to consider:

- ***The different scope requirements and the ease or difficulty of following thes;,***
- ***Whether there are any size and/or type thresholds that are particularly well targeted, or by contrast, inappropriate or no longer fit for purpose;***
- ***Application of exemptions and ease of use;***
- ***How thresholds interact with requirements set by other regulators (for example the Financial Conduct Authority and Prudential Regulation Authority).***

Please note that there is a separate question on size thresholds (micro, small, medium) as they apply more broadly to the preparation and filing of accounts with Companies House.

We agree with the approach where subsidiaries whose activities are included within a consolidated group report of a UK parent that complies with the climate-related financial disclosures requirements should not be required to report separately.

Q35. The Companies Act 2006 sets out size categories for UK companies that determine the type of accounts that need to be prepared and filed with Companies House.

To support you in answering the questions you may want to refer to the annex that sets out the requirements under the Companies Act 2006 and supporting regulations. Please access the [Smarter Regulation Non-financial Reporting Review: call for evidence](#).

2 of 3 out of:	Micro	Small	Medium	Large
Annual turnover (£)	≤632k	≤10.2m	≤36m	Any company not meeting medium threshold
Balance sheet total (£)	≤316k	≤5.1m	≤18m	
Average number of employees	≤10	≤50	≤250	

Do these size thresholds remain appropriate?

- Don't know

Q36. Please explain your answer and what, if any, changes you would like to see.

N/A

Q37. Do you have any other comments that might aid the consultation process as a whole?
Please use this space for any general comments that you may have, comments on the layout of this call for evidence would also be welcomed.

There is a need for clear interoperability between standards, and greater consistency with and minimal duplication of existing and developing external requirements, while effectively and efficiently managing additional reporting burden and costs.
We are concerned by the significant growth in volume, granularity, and complexity of disclosures such as those in the proposed Transition Plan Taskforce framework that go above and beyond TCFD recommendations and proposed ISSB standards.
We believe disclosure of certain granular quantitative and qualitative information is likely to be challenging and, in some cases, impractical in application for preparers, while also providing limited value and potential confusion to users.

You have now come to the end of the survey, by clicking next, your responses will be submitted and you will not be able to make any edits after this point.

Embedded Data:

N/A