

Continued Pollution

Factsheet on Royal Dutch Shell - Situation as of May 16, 2006

"I am more convinced than ever that our short and long term business success depend on finding environmentally and socially responsible ways to help mmeet the world's future energy needs"

Jeroen van der Veer, Chief Executive Royal Dutch Shell



In its new annual report, Royal Dutch Shell states that one of the multinationals' areas of focus is to 'continue to rebuild the trust of local communities.' If Shell is serious about this, cleaning up the pollution caused by its operations in Nigeria, the Philippines, Brazil, Curacao, Texas, Ireland, Sachalin and Durban would be a prerequisite. Below is an outline of issues that fenceline communities are dealing with and that need to be resolved by Royal Dutch Shell as soon as possible.

Nigeria - Oil spills and gas flares

In Nigeria, Shell operates under the Shell Petroleum Development Company (SPDC), a joint venture of Shell and the Nigerian government. In 1995, the execution of poet and human rights activist Ken Saro-Wiwa and eight other activists unleashed international outrage over the situation in the Niger Delta. The MOSOP leaders had been subjected to a secret tribunal that, based on unsubstantiated allegations, sentenced nine of the men to death by hanging. All nine were summarily executed without any opportunity for appeal.

Shell's environmental legacy in the Niger Delta is strongly evident today. Although the company suspended operations in Ogoniland in 1993, an infrastructure of aging pipelines that should have been replaced at least 25 years ago criss-crosses the Delta. Leaks and

oil spills are common place. One account determined that for the relatively short period between 1976 and 1980, there were 784 oil spills from Shell's malfunctioning operations.

In addition, associated gas is flared in Nigeria 24 hours a day, producing deafening noise and pollution. Gas flaring has severe health consequences and is a primary contributor to a host of problems that include acid rain, retarded crop yield, rise in temperature close to flare sites, respiratory diseases and significant greenhouse gas emissions.

In 2005, Shell stated that it would only stop gasflaring in 2009. In April 2006, the Nigerian High Court decided that Shell must stop gasflaring by April 2007. Shell has appealed the decision. Meanwhile, the flaring continues and the practice has contributed more greenhouse gas emissions (methane and carbon dioxide) than all other sources in sub-Saharan Africa combined, as well as poisoning localities with their toxic cocktail. In a February 2006 unrelated development, the Federal High Court of Nigeria in Port Harcourt ordered Shell and its partners to pay Southern Niger Delta Ijaw communities \$1.5 billion in compensation for environmental pollution and degradation in the Delta.

Environmental Rights Action (ERA) and Milieudefensie demand that Shell cleans up its oil spills and stops gasflaring immediately.

Pandacan, Philippines - Oil depot in the hood

In Manila, the Philippines, Shell has evaded citizens' demands to remove its hazardous oil depot from the densely populated neighborhood of Pandacan for many years. Some 84,000 people live in Pandacan, where there are concerns about the enormous health and safety threats of accidents or a terrorist attack on the oil depot. Resisting the demands for removal, Shell instead manipulated the local government to allow it to maintain its oil depot under the condition that Shell scale down its number of oil tanks in Pandacan.

An initial medical study conducted by the University of the Philippines College of Medicine in February 2005 revealed that Pandacan residents have been exposed to neurophysiologic toxins which are present in petroleum products stored at the oil depot.

In August 2002, the Ombudsman concluded that Shell was violating the Anti Corruption Legislation by conniving with the city mayor of Manila in circumventing the spirit and intent of Ordinance 8027. A legal challenge was filed in 2002 to compel the city mayor of Manila to implement Ordinance No. 8027, which would result in the relocation of the depot. The challenge is still pending in the Supreme Court.

Meanwhile, the Fenceline Community for Human Safety and Environmental Protection (FCHSEP) has filed a complaint at the Dutch National Contact Point for non compliance with the OECD Guidelines for Multinational Enterprises. The organisations have repeatedly asked for a meeting with Mr. Bobby Kanapi, general manager for external affairs of Shell in the Philippines, until now without result.

FCHSEP and UFO-OD demand that Shell and the Pilipinas Shell Petroleum Corporation (PSPC):

- Comply with Ordinance No. 8027 by completely removing its oil depot from Pandacan

and relocating it where it would not put the people's health and safety at risk;

- Refrain from deceptive campaigns to gain support for the retention of its facility;
- Desist from involving itself in bribery and local political activities;
- Assume responsibility for the health problems of the people of Pandacan that were derived, partly or otherwise, from the maintenance of the oil depot therein;
- Assume complete responsibility for the contamination of the soil in Pandacan where its oil facilities are located;
- Actively monitor and improve the quality of the air, water and soil around its facilities;
- Be transparent and provide information to the public regarding air, water, and soil quality and the potential risks of its operations;
- Engage with the local community in decision-making;
- Improve and upgrade its equipment, and continuously enhance the training of its people on disaster preparedness and management, to respond to oil leakages and other accidents.

Brazil - Storage facilities in São Paulo and Rio de Janeiro

For some 20 years, Shell produced pesticides and stored oil products at its facilities at Vila Carioca and Paulinia in the state of São Paulo, Brazil. Since 2001 the storage is taking place under the umbrella of POOL São Paulo, a joint venture between Shell Brazil and ExxonMobil Brazil. In January 2005, Shell was compelled to submit to governmental orders requiring it to: abstain from its practice of dumping and burying toxic wastes; remediate contaminated areas; monitor the water in artesian wells for toxic chemicals and heavy metals; and implement effective measures to remove high concentrations of harmful substances detected in the wells.

In addition, Shell was required to take steps to protect workers' health, including providing medical examinations for hundreds of former and current workers. Local newspaper accounts of former Shell workers document cases of cancer, neurological disorders, and kidney and intestinal damage, among other severe health problems that have been linked to the types of toxins associated with Shell's facilities. The governmental order was a start, but there is still a long way to go to remedy the toxic legacy.

Meanwhile, Brazilian NGO CAVE (Coletivo Alternativa Verde) and trade union SIPETROL have filed complaints at the World Health Organisation (WHO) and International Labour Organisation (ILO) against Shell/ POOL São Paulo, on the basis of a report compiled by the São Paulo State Health Secretary.

The technical report upon which the complaint is based, lists possible 65 diagnoses of diseases originating from contamination by contact with products such as aliphatic or aromatic hydrocarbons (and their by-products) that are emitted from Vila Carioca facilities.

In addition, regulations with respect to safety and occupational health, explosion and leakage hazard, of the Municipal and State Sanitary Code and the technical norms of ANP (National Petroleum Agency) and ABNT (Brazilian Association of Technical Norms) are not complied with. The document also presents clearly the hazards for the community surrounding the area of the Pool São Paulo. The organisations are also filing a complaint at the Dutch National Contact Point for the OECD Guidelines for Multinational

Enterprises, as the practices at Vila Carioca go clearly against these OECD Guidelines.

Shell in Rio de Janeiro

The headquarters of Shell and Esso in Brazil are located in Rio de Janeiro. On the Island of the Governor in Rio, Shell and Esso operate the Port Terminals and Lubricant Plants. In and around these terminals, pollution comparable to that in São Paulo is taking place. CAVE and trade unions have organised themselves and filed a complaint at the Federal Public Prosecutor and at the Public Ministry of Labour. In February 2006, the prosecutor accepted the complaint and initiated an inquiry. Meanwhile, the local community has organised themselves to emphasise that a thorough investigation is necessary of the risks associated with the plant in the same way as was done in Sao Paulo.

Curaçao, Netherlands Antilles - Historic legacy

People living on the island of Curaçao are looking to Shell to clean up the toxic mess it created while operating a refinery on the island twenty years ago. Jeroen van der Veer, a former employee at Shell's Curaçao refinery, who has risen through the ranks to become the Chief Executive Officer of Royal/Dutch Shell, regularly gives speeches asserting that a core principle at Shell is to minimize the impacts of its operations on host communities. The residents of Curacao want Shell to put its words into action.

Shell Curacao's operations started in 1918. It radically enclaved the island economy and took the community hostage. By the 1960s Shell employed approximately 12,000 persons directly and 10,000 indirectly. Local residents were hardly hired for these jobs as Shell preferred to hire immigrants from abroad. From there on Shell started downsizing to 4000 workers by the end of the 1970s, and to 2800 workers by the eighties, laying off thousands of people. This caused a structural social economic crisis development within the Curaçao community that is lasting ever since.

The Curaçao refinery was declared "obsolete" in 1982; and later, in 1985, Shell sold the refinery for only \$1 USD to the Netherlands Antilles government. As part of this sale, Shell pressured the government to accept terms that would absolve Shell from any responsibility for the extensive environmental and health damage created by its refinery operations.

Besides this, the islanders have suffered decades of respiratory problems and other serious health ailments associated with refinery pollution. The 20 kilometer reef that surrounds this small island is contaminated with oil waste. For years, Shell dumped toxic wastes in Asphalt Lake and Schottegat Bay, which have polluted the Caribbean Sea.

Shell claims that it has no involvement in the Curaçao oil refinery, known as Isla, but the reality is that the company has maintained close ties. A Shell drilling structure was installed off the coast of Curaçao during the late 1990s. In 2001, Petroleos de Venezuela Sociedad Anonimo (PdVSA), the company that leased Shell's former oil refinery from the Netherlands Antilles government, developed a joint project with Shell to optimize operations at the Isla refinery in Curaçao. Currently, Shell is partnering with PdVSA in a long-term joint venture to operate a liquefied natural gas terminal in the Caribbean.

The Humane Care Foundation of Curacao demands that Shell cleans up its legacy at the Isla refinery and remediates the areas contaminated with the wastes of Shell's operations.

Port Arthur, Texas: Motiva refinery

In the African American neighborhood of West Port Arthur, located in the eastern part of the state of Texas in the United States, Shell operates a massive oil refinery through a joint venture with Saudi Aramco, known as Motiva. Residents of West Port Arthur are outraged by Motiva's disregard for the serious impacts of its refinery pollution on their health. A survey conducted by the University of Texas at Galveston Medical Branch in 2002 found that 80% of the West Port Arthur residents surveyed suffered from heart conditions and respiratory problems. Meanwhile, the Motiva oil refinery continues to emit massive quantities of toxins that are known to damage the human cardiovascular and respiratory systems.

The time has come for Shell to be accountable for their share of pollution in the community in Port Arthur Texas. However, Shell/ Motiva plans to double their operation in Port Arthur to 600,000 barrels per day. With half that amount being currently produced, they already have more than their share of toxic gas releases now in Port Arthur.

Shell should take responsibility and relocate those folks living on their fence line in Port Arthur Texas. Shell should help to heal the people by partnering with the Community In-power and Development Association (CIDA) and working with them on their "Community Environmental Education Resource Center" which will help to understand just how pollution has impacted the bodies of local residents and how we can help heal them.

Shell should:

1. Work with CIDA on the "Community Environmental Education Resource Center" that aims to educate people on the impacts of pollution on their health
2. Issue a written good neighbor agreement that would explain how they plan to become a good neighbor and remain a good neighbor.
3. Reduce green house gases and other harmful toxic fumes to the health of local residents and our environment, to levels 50% below what they emit now.
4. Relocate nearby neighbors at a fair and just manner like they did in Norco, Louisiana.
5. Install state of the art equipment on all their existing units to reduce emissions from their stacks.
6. Support the Community In-power and Development Association In the construction of their Community Environmental Education Resource Center.

Ireland: Landowners jailed for refusing dangerous pipeline and refinery

Last year, just after the Shell AGM, Shell had five landowners jailed who resisted the forceable taking of their lands for an unprecedented high pressure gas pipeline and on-

shore refinery. The men were released after 94 days in prison. The men and Shell have agreed to mediation of the dispute, but there has been no progress because Shell refuses to seriously consider safer alternatives.

There is more evidence than ever that the planned gas pipeline and terminal will bring horrific environmental, health, safety, social, economic and political consequences. Far from being a local issue, this is an issue of international significance and its ramifications will be felt the length and breadth of Ireland for generations to come. People from the Erris region of Mayo have been intimidated, threatened and even jailed for their refusal to be walked on. Throughout this ongoing ordeal they continue to demonstrate strength, dignity and courage in the face of enormous adversity.

This is reflected in the dedication of the activists from the Rosspoint Solidarity Camp, which will soon celebrate one year of non-violent resistance. Camp representatives have spent the last year holding vigil in Mayo as well as touring universities and grassroots conventions in Ireland and abroad. There have been pickets, protests, blockades, occupations, parties, hooleys, walkouts, jailings, marches, tears and smiles. People have been pulled apart only to be brought back together, stronger and more resolved in their pursuit of justice. They are now prepared for what is increasingly being seen as 'the final showdown' in the coming weeks and months of 2006.

The five Mayo landowners jailed last year for breaching a court order in relation to the Corrib gas pipeline have asked for clarification from Shell Ireland that it will give serious consideration to all development concepts and routes for the Corrib project.

A week ago, in reaction to the publication of a report by independent experts on the safety of the project, Shell Ireland indicated it would be open to discussing all possibilities regarding the project. This was understood to include the re-routing of the pipeline, or processing the gas offshore. But Shell subsequently cast doubt on this position. The call for clarification follows a recent meeting between the five men, and the independent mediator appointed by the Government, Peter Cassells. In an agreed statement released by Mr Cassells, the men also confirmed that they are prepared to enter talks and to continue with the mediation process.

The people of County Mayo continue to demand a safer alternative than Shell has proposed to protect their unspoiled part of the world from dirty and unsustainable energy development.

Sakhalin Island, Russia: Another bad year for Shell on Sakhalin II

In 2005, the enormously risky Sakhalin II project went from an original cost of US\$ 10 billion, to \$20 billion, a cost overrun Managing Director Jeroen van der Veer called "staggering." "We do some projects very well, and this large Sakhalin project and some others we don't do very well..." said Van der Veer. Over 100 articles have appeared in international press on the environmental, social and economic problems of the project.

Construction of the giant second phase is over 60% complete, yet Shell only recently released an environmental, social and health impact assessment. This assessment

contains no analysis of the negative impacts this 60% of construction has already inflicted, and it has no comprehensive oil spill prevention and response plan, no decommissioning plan. Since the purpose of such assessment is the prediction and prevention of negative environmental and social impacts, Shell's release of this analysis now makes a mockery of its stated commitment to protect the environment. As a result, \$5 billion in public financing has been withheld.

In 2005-2006 Shell is installing an off-shore oil platform, despite that independent scientists it commissioned stated, "*[E]xisting and planned large-scale offshore oil and gas activities pose potentially catastrophic threats to the population,*" and that "*[t]he most precautionary approach would be to suspend present operations and delay further development of the oil and gas reserves in the vicinity of the gray whale feeding grounds off Sakhalin, and especially the critical nearshore feeding ground that is used preferentially by mothers and calves.*" Following the construction, one panel member quit, and the co-chairs of the review stated, "*Unquestionably, their decision to adhere to their predetermined construction schedule has, in some respects, obviated or undermined the utility of our review.*"

In 2005 The Observer published pictures of Sakhalin II pipelines trenched through wild salmon rivers, damaging spawning beds and turning crystal clear waters muddy brown. Shell Russia Chairman, John Barry, blamed contractors, promised an independent review, and was never heard from again. Shell now says its new river crossing strategy prevents erosion during construction over the icy winter, but erosion begins again as the snows melt, along with Shell's credibility.

In 2005 Sakhalin communities protested against the negative environmental, social and health impacts of the Sakhalin II liquid natural gas plant, and the dumping of millions of tons of dredging waste into the fisheries rich Aniva Bay. Shell promised over \$1 million for restricting fishing access, far less than they are obliged to pay. Meanwhile, indigenous people conducted non-violent blockades of Sakhalin II construction sites due to impacts to fisheries and other resources. All the while Shell calls Sakhalin II a model project.

Durban, South Africa : Full replacement of leaking pipelines - but Shell has much work to do at aging refinery

After years of lobbying by the community for the replacement of pipelines, Shell has finally agreed to replace all the aging pipelines running under from the refinery to the harbour and storage facilities in Durban. The community, however, would like to see the pipelines rerouted from near people's homes into industrial areas. This would prevent potential future leaks from causing damage and evacuation of neighborhoods.

The community groups and Shell have agreed to be transparent in information sharing. The communities have complied with this, but Shell management have come back after a year of discussions and agreement and stated that there will not share information about Sapref's air quality permit. This permit is important in the deliberations to challenge the refinery to move towards best practice, and the best standards in the world.

Local communities such as the South Durban Community Environmental Alliance (SDCEA) have also requested, on numerous occasions, data for various incidents, and relevant data

is not forthcoming. Real time fenceline monitoring of air toxins to determine Shell's contribution to air pollution through the use of open path Ultra Violet Cerex monitors, is not forthcoming.

In an Economic report for a local environmental assessment process on the use of the land at Durban International Airport (which is adjacent to the Shell refinery), it is stated that Shell supports a petro-chemical hub on this land. However they have publicly denied an interest in the land. Farmers that are presently farming part of this land are now threatened with evictions, despite the fact that they have been farming the land for over seventeen years. And contrary to Shell's claims, the refinery is hardly employing local people from the Durban Basin area.

While Shell management have recently been in the media, with National ministers, celebrating their recent "clean fuels" project, the refinery continues to be a very dirty operation and hazardous to the community. Groups in Durban continue to demand best practices and a major upgrade to the existing refinery, along with full access to all information and real time toxics monitoring reported live to the web as well as permanent employment for people in the area.

Campaign for Corporate Accountability

Milieudefensie, Friends of the Earth and the fenceline communities are campaigning for corporate accountability regulations ensuring mandatory reporting and access to information, new legal duties on company directors (chain responsibility) and foreign direct liability

1. *Mandatory reporting and access to information* This would mean that communities affected by Shell's operations, for example, would have access to comprehensive information on emissions, something that many communities are still struggling to get.
2. *New legal duties on company directors* – This new duty could be referred to as a 'duty of care' to people and the environment. This would require Shell directors to take steps to reduce the impact of their operations and to demonstrate how they have done this – a first step in turning Shell's CSR policies into action.
3. *New provisions for liability, including Foreign Direct Liability* – individuals or communities who suffer significant negative impacts because of the failure of Dutch companies (and directors) to have proper regard for these new duties, would have the legal right to seek redress in a Dutch court with legal aid.

www.milieudefensie.nl