Lessons Not Learned

The Other Shell Report 2004
Dedicated to the memory of Ken Saro-Wiwa

“My lord, we all stand before history. I am a man of peace. . . . Appalled by the denigrating poverty of my people who live on a richly-endowed land . . . anxious to preserve their right to life and to a decent living, and determined to usher into this country . . . a fair and just democratic system which protects everyone and every ethnic group and gives us all a valid claim to human civilization. I have devoted all my intellectual and material resources, my very life, to a cause in which I have total belief and from which I cannot be blackmailed or intimidated. I have no doubt at all about the ultimate success of my cause . . . . Not imprisonment nor death can stop our ultimate victory.”

—Ken Saro-Wiwa’s final statement before his execution on 10 November 1995
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This report is based largely on evidence from people around the world who live in the shadows of Shell’s various operations. This report is written on behalf of Friends of the Earth (FOE); Advocates for Environmental Human Rights; Coletivo Alternative Verde; Community In-power Development Association; Concerned Citizens of Norco; Environmental Rights Action (FOE Nigeria); Global Community Monitor; groundWork (FOE South Africa); Humane Care Foundation Curacao; Louisiana Bucket Brigade; Niger-Delta Project for the Environment, Human Rights and Development; Pacific Environment Watch; Sakhalin Environment Watch; Shell to Sea; South Durban Community Environmental Alliance; and United Front to Oust Oil Depots.


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Thanks to: Helen Burley, Alison Dilworth, Serge Marti, and Phil Michaels.

Design and Printing: Design Action Collective and Inkworks Press. Printed on 100% post-consumer recycled paper, processed chlorine free.
Dear Stakeholder,

Friends of the Earth is privileged to present this third alternative Shell Corporate Social Responsibility (CSR) report on behalf of several of the many communities that live on Shell’s “fencelines” — next to Shell’s refineries, depots and pipelines. Lessons Not Learned — The Other Shell Report 2004 builds on reports of the past two years — Failing the Challenge (2002) and Behind the Shine (2003) — which chronicled Shell’s impacts around the world. It gives updates of Shell’s woeful performance over the past year, documenting a consistent story of the company pushing forward with business as usual, disregarding the rights of its stakeholders.

The last two years have been turbulent times for Shell. The company’s overstating of its oil and gas reserves by 20 per cent and the subsequent firing of its chairman and chief of exploration have shaken the company to its core. The ensuing shockwaves have brought with them proposals for restructuring on which shareholders will be asked to vote at the Annual General Meeting on 28 June 2005.

The past two years have also been turbulent for Shell’s fenceline communities. As this report shows, despite Shell’s public commitment to Corporate Social Responsibility (CSR) and specific promises it has made to communities, life on the fenceline has changed little. From Nigeria to Texas, the Philippines to South Africa, Shell is failing to respect the environment or the needs of local communities and Shell directors remain as remote and unaccountable for their actions as they always have been.

“Increased accountability” is one of the four reasons for the proposed restructuring of the company, but the proposals mention only accountability to shareholders. Some of Shell’s broader stakeholders come together in this report to demand a wider accountability — accountability to all stakeholders. As Shell has not learnt the lessons of the past two years and continues to ignore their voices, the communities look elsewhere for measures that will enable them to hold the company accountable for the ongoing impacts on their lives.

The time has come for governments to act to hold Shell responsible. Shell has demonstrated that it does not plan to make meaningful change in this area. We call on the Governments of the United Kingdom and of the Netherlands to reform our laws so that Shell and other multinational companies are required to address the impacts of their activities on the environment and on human rights abroad including mandatory social and environmental reporting; direct liability of directors for impacts of the company wherever it operates; and access to justice and redress in the company’s home courts so that stakeholders are able to hold companies like Shell accountable for their impacts.

Only when Shell is legally accountable will we see real change for its stakeholders, meaningful action on climate change, an authentic commitment to human rights and social and environmental justice for all. The cases on the following pages show the need for further strong action both by Shell and by governments.

Tony Juniper, Executive Director, Friends of the Earth (England, Wales and Northern Ireland)

Vera Dalm, Director, Milieudefensie (Friends of the Earth Netherlands)
The Year in Review

The year 2005 marks the 10th anniversary of the death of Ken Saro-Wiwa, the Nigerian author and activist who led the Movement for the Survival of the Ogoni People (MOSOP), and mobilized over 300,000 people to protest Shell’s devastation of their native farmlands and numerous oil spills in the wetlands, rivers, and streams of the Niger Delta.

Ken Saro-Wiwa and 13 other MOSOP leaders were imprisoned based on unsubstantiated allegations. They were brought before a secret military tribunal that sentenced them to death by hanging. On 10 November 1995, nine of the men were summarily executed without any opportunity for appeal.

Given Shell’s dominant position in Nigeria and its historic relationship with Nigerian military dictatorships, Shell was the target of international outrage over the brutal killing of Ken Saro-Wiwa and the MOSOP members. In response, Shell sought to transform its corporate image by claiming a commitment to human rights and sustainable development.

Contrary to its claims, the corporate practices of Shell have not substantively changed from those that Ken Saro-Wiwa protested against a decade ago. In communities suffering from Shell’s toxic and hazardous operations, the company continues to demonstrate that its commitment is paper thin. This report presents case studies of communities in five continents, where Shell daily demonstrates unconscionable disregard for human lives and the environment: Durban, South Africa; Sao Paulo, Brazil; Sakhalin Island, Russia; County Mayo, Ireland; Pandacan, the Philippines; Port Arthur, Texas, USA; Norco and coastal Louisiana, USA; Curacao, Netherlands Antilles; and the Niger Delta, Nigeria.

This year, with the proposals for restructuring the company, Shell is attempting a transformation that involves establishing a new structure of corporate governance. Yet accountability to its wider stakeholder- and Corporate Social Responsibility principles that deliver meaningful change on the ground are not part of this transformation.

Shell continues to hold onto an industrial infrastructure that is hazardous to people and the environment, to operate aging oil refineries that emit carcinogenic chemicals and other harmful toxins into neighborhoods, to neglect contamination that poisons the environment and damages human health, to endanger the survival of species, and to negotiate with local governments for substandard environmental controls. The case studies in this report represent the real impacts of Shell’s corporate governance.

Around the world, people are uniting to denounce the unjust corporate governance that creates and controls the policies and practices of Shell. The courageous and visionary spirit of Ken Saro-Wiwa lives on in this global struggle for justice, health, and a sustainable environment.
Location reports

Niger Delta: Injustice as a Shell Trademark

In Nigeria, Shell operates under the Shell Petroleum Development Company (SPDC), a joint venture of Shell and the Nigerian government. The government is now nominally a democracy, but has a long and brutal history of military dictatorships.¹

Ogoniland and the half a million Ogoni people in the southern part of the Niger Delta region have often taken center stage in the international media on Nigeria. The Delta was once considered “the breadbasket” of Nigeria because of its rich ecosystem, where people cultivated fertile farmlands and benefited from abundant fisheries.² Shell and other oil companies have transformed this once pristine area into a virtual wasteland bearing deep scars from gas flaring and oil spills.³

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. Ken Saro-Wiwa was a leader of an organization of Ogoni people called the Movement for the Survival of the Ogoni People (MOSOP) which demanded that Shell take responsibility for its massive environmental devastation of their homeland and denounced the injustices that Shell has inflicted on the Ogoni and other peoples in the Niger Delta. In 1995, Ken Saro-Wiwa and 13 other MOSOP leaders were 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.⁴

At the time of the execution, Shell wielded significant influence over the Nigerian military dictatorship through the profitable SPDC joint venture between Shell and the Nigerian government. However, Shell denied that it had any role in the execution of the MOSOP leaders.⁵ Shell even went so far as to claim that it had no moral obligation to intervene in the military tribunal on behalf of the MOSOP leaders,⁶ although it had done so on at least one occasion on behalf of a Shell employee who faced murder charges in Nigeria.⁷
Lessons Not Learned

In 1996, Shell launched a public relations campaign to repair its negative image among customers and investors in western countries. It re-introduced itself as a company with human rights, social responsibility, and sustainable development at the core of its values and practices. However, ten years on, Shell continues to demonstrate that it has failed to learn important lessons.

Shell’s environmental legacy in the Delta is strongly evident today. Although the company temporarily 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.

Over the past year, several of Shell’s oil spills and leaks have polluted Ogoniland and caused fires including on the surface of water that burned fishing canoes. Shell claims that these oil spills are the consequence of sabotage; however, the Ogoni people believe that the real culprit is Shell’s failure to properly maintain and upgrade its oil pipelines and other infrastructure.

During a visit in April 2005 to the Niger Delta, Friends of the Earth encountered a Shell contractor involved in a “clean-up” operation near Rukpopkwu, a community affected by a December 2004 spill. The clean up involved little more than the turning of the land, placing the oil just below the surface.

During the same visit, an old farmer, who had suffered the effects of numerous fires...
and oil spills near Goi, Ogoniland, resulting in lost mangroves, aquatic life and fish ponds, told Friends of the Earth: “At my age I am supposed to have a little rest and these resources which I have established should have fed me. But Shell has finished everything”.15

Shell is at the center of another human rights controversy in Ogoniland today. MOSOP believes that the police are instigating violence in Ogoniland, including kidnapping and assaulting community members with machetes.14 MOSOP views the use of troops to brutalize Ogoni people as part of an orchestrated campaign of intimidation to facilitate the re-institution of Shell’s operations in Ogoniland, which were temporarily suspended in 1993.13 The Ogoni people are outraged by these efforts to cut off public debate about the massive and still unresolved problems caused by Shell’s operations.16 Tensions are building as the Ogoni people have threatened mass action against SPDC if police are not withdrawn from the area.17

Empty Promise to End Gas Flaring
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 environmental problems that include acid rain in the Niger Delta18 and significant greenhouse gas emissions.19

While communities in Ogoniland live with the legacy of uncleared oil spills, and the constant threat of new spills and environmental damage, no gas has been flared in Ogoniland since the suspension of operations. Community representatives are adamant that this has brought clear improvements.

“Now the fire [gas flare] is not burning we can rest now. It gave us so much heat. In the rain water there were so many things from the flaring that disturb our farming and even the fishes”.

—Old Man from Ogoniland, Rivers State Nigeria20

Under pressure from Nigerian peoples and the international community, Shell has committed to eliminating gas flaring in the Niger Delta by 2008.21 However, Shell is now publicly stating that it may miss the deadline for ending gas flaring, and has actually increased gas flaring since 2003.22

Although the Nigerian government is poised to impose penalties on Shell if it fails to meet the deadline, Shell has demonstrated its disregard for such governmental orders. Most recently, Shell has ignored a governmental order requiring the company immediately to pay $1 billion USD, and the balance of $500 million USD, over five years in restitution for its extensive environmental damage in Nigeria.23
Location reports

Durban: Communities Doomed with Aging Refinery

South Africa

South Africa’s largest oil refinery is a joint venture between Shell and British Petroleum (BP), known as the South African Petroleum Refinery (SAPREF). Fenceline neighbours of SAPREF live in fear of the explosions, pipeline leaks, and fires that occur regularly at this refinery. SAPREF has a poor record of polluting communities, injuring workers, misleading the public, and withholding information.

For several years, South Durban Community Environmental Alliance (SDCEA), a non-governmental community organization, and groundWork (Friends of the Earth, South Africa) have sought to engage the senior management of Shell in directly addressing the significant problems at SAPREF. Finally, on 5 March 2005, Lord Oxburgh, current Chair of the Shell Transport and Trading Company’s Board of Directors, traveled to South Durban. His visit to South Africa was to fulfill a promise he made to Desmond D’Sa, Director of SDCEA, during Shell’s annual general meeting in London in 2004, where Lord Oxburgh committed to tour the South Durban neighbourhoods surrounding the SAPREF refinery and listen to the concerns of residents.

Lord Oxburgh Faces the Truth

Plans for Lord Oxburgh’s visit to Durban fell short of his prior commitment. SDCEA and groundWork were only given nine-days notice of Lord Oxburgh’s arrival and were told that he did not plan to tour the neighborhoods, where he would have been able meet local residents and witness first-hand the toxic impacts of SAPREF. Instead, Shell planned a 60-minute meeting on the SAPREF site. This attempt to limit community participation proved futile, as over 40 residents, a journalist, and two photographers came to the meeting. SDCEA and groundWork each gave a presentation to Lord Oxburgh documenting the disrespect that Shell has shown local residents, and the severe environmental damage that SAPREF has caused.

During this meeting, Lord Oxburgh admitted that the SAPREF refinery is “ageing and needed attention”. He further stated: “The community health issues concern us. We will do our best to find a solution that will be of benefit to both parties”. So, why has Shell not begun upgrading SAPREF with technology that will reduce and eliminate pollution and accidents? Such technology is employed by Shell at its refinery in Denmark. The meeting concluded with Lord Oxburgh informing residents that he would bring their concerns to the Shell board of directors. To date, Lord Oxburgh has failed to report anything back to the South Durban community.
SAPREF Faces New South African Environmental Law

South Africa has long lacked legally binding air pollution regulations on a national level, having only non-binding guidelines and no enforcement authority. This changed on 19 February 2005 when South Africa President Thabo Mbeki signed into law the National Environment Management: Air Quality Act, 2004, which adopts the air quality guidelines established by the World Health Organisation (WHO). Durban residents, who have long suffered from SAPREF’s pollution, view this law as a positive step forward in defending their health and environment. For the first time, SAPREF will have to comply with legally binding pollution standards.

SAPREF may well run afoul of this new environmental law. The air quality monitoring program established by the municipal government shows that, in 2004, there were 117 instances when SAPREF’s air pollution would violate the new environmental law. Such data is extremely useful to Durban residents, who cannot rely on SAPREF to honestly present its pollution data. In February 2000, SAPREF management admitted that it had underreported sulfur dioxide emissions to the local government for the last five years by as much as 12 tons a day—or 10 million pounds a year—for a total of 4,380 tons. Lord Oxburgh admitted in the meeting with Durban residents that Shell was “embarrassed” by SAPREF’s underreporting of sulfur dioxide emissions.

Overhauling SAPREF

SDCEA and groundWork are currently in negotiations with Shell to overhaul the SAPREF refinery. One of the key outcomes of that process must be a five-year pollution reduction and operational plan that goes beyond present legislative requirements to meet the pollution and operational standards of the cleanest refineries globally. By February 2006, this plan must be finalized, in consultation with the local community, and all necessary expenditures to implement the plan must be authorized.
A Brief History of Shell in South Durban

The SAPREF refinery was built in 1963 during the height of the apartheid era. Ignoring the widespread call for an oil embargo and disinvestment from South Africa, SAPREF continued to operate throughout the dark days of apartheid in an area densely populated by poor Black, Indian, and mixed race communities. Unfortunately, the end of apartheid has not changed the SAPREF refinery, which continues to wreak havoc on these communities of color.

SAPREF’s pipelines extend for 84 kilometres through the residential areas of south Durban, running at times right next to the fencelines of dense residential development. There have been several leaks over the last few years, contaminating Durban Harbour and protected wetlands, and settling under residents’ homes. This has resulted in illnesses requiring hospitalisation. Because SAPREF does not use effective rust detection equipment, as is commonly used at Shell facilities in Europe, leaks from rusting pipelines are not uncommon. For example, on 21 July 2001, a major fuel leak was caused by a rust defect in a SAPREF pipeline. Over 1.3 million litres of petrol have been recovered to date, and it is estimated that remediation efforts for this massive leak will continue until 2015.

The SAPREF refinery also belches toxic clouds of black smoke into the air. Most recently, on 21 April 2004, Durban awoke to massive black clouds of SAPREF’s poorly combusted chemicals, which extended for more than 20 kilometres from south Durban into the affluent areas north of Durban. “Black Wednesday”, as the day has come to be known, will haunt residents for many years.

Shell claims that it has voluntarily adopted the guidelines of the Organisation for Economic Co-operation and Development, as well as policies established by the European Union in its management and operation of the SAPREF refinery. But SAPREF’s massive pollution and frequent malfunctions demonstrate that such policies have little meaning on the ground. SAPREF has received ISO 14001 and 9001 certifications, but these are voluntary industrial standards and do not address the environmental impacts of the refinery on surrounding communities.

The Year at a Glance

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>12 January 2004</td>
<td>SAPREF pipeline leaks 15,000 litres of marine fuel oil into the Durban Harbour.</td>
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<tr>
<td>21 April 2004</td>
<td>Black Wednesday: SAPREF releases massive black clouds of chemicals that extend for 20 kilometres over Durban.</td>
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<tr>
<td>5 September 2004</td>
<td>More than 1 ton of oil is spilled from SAPREF’s single buoy mooring.</td>
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<tr>
<td>8 October 2004</td>
<td>Fire at the SAPREF power station injures two workers, one of whom is hospitalised and placed in intensive care.</td>
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<tr>
<td>27 November 2004</td>
<td>Three workers are injured in a fire while working on a section of SAPREF’s hydrocarbon flare line.</td>
</tr>
<tr>
<td>9 December 2004</td>
<td>SAPREF’s start up process releases fine catalyst particulates into the environment.</td>
</tr>
<tr>
<td>December 2004</td>
<td>Air monitoring program established by the municipal government shows that, in 2004, there were 117 instances when SAPREF’s air pollution would violate the new environmental law.</td>
</tr>
<tr>
<td>5 March 2005</td>
<td>Lord Oxburgh travels to Durban and admits at a meeting with community residents that SAPREF is “ageing and needed attention”.</td>
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Location reports

Sao Paulo: Shell Forced to Clean Up Contamination & Conduct Medical Examinations of Workers

For some 20 years, Shell produced pesticides and stored oil products at its facilities at Vila Carioca and Paulinia in the state of Sao Paulo, 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.48

In addition, Shell was required to take steps to protect workers’ health, including providing medical examinations for hundreds of former and current workers.49 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.50

The Saga Continues

The governmental order is a start, but there is still a long way to go to remedy the toxic legacy.

Although medical problems are severe among workers, Shell has avoided responsibility for finding former workers in order to provide them with necessary medical examinations.51 In addition, Shell does not guarantee treatment for conditions discovered as a result of the examinations.52

Furthermore, medical examinations have shown the presence of heavy metals and pesticides in the blood of people who live in the area, but who did not work for Shell.53 A study by the Sao Paulo sanitation office determined that contaminants in four artesian wells have spread to distant places in the Vila Carioca area.54 However, the issue of whether medical care will be offered to people who drank contaminated water remains completely unresolved.55

A Brief History of Shell in Sao Paulo

People living near the Shell facilities in Vila Carioca and Paulinia in Sao Paulo can recount numerous incidents when Shell dumped and buried toxic pesticides and oil wastes. Investigations led by the Sao Paulo government in 2002 revealed that the land and water in the region, including drinking water wells, were contaminated with lead, cadmium, and other heavy metals, as well as several toxic chemicals, including benzene, toluene, and the pesticides DDT and aldrin.56 In addition, medical tests proved that workers at the facility were contaminated with the types of toxins associated with Shell’s operations.57

Instead of cleaning up this contamination and taking measures to protect human health, Shell has been evading responsibility for several years, attempting to walk away from the contamination at these facilities.58 Behind the Shine—The Other Shell Report 2003 reported on the growing number of complaints and lawsuits being filed by residents and local governments against Shell for its extensive environmental damage.59
## Timeline of Shell in Sao Paulo

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>1942</td>
<td>Shell builds an oil storage tank depot and shipping terminal in Vila Carioca, located in southern Sao Paulo, Brazil.</td>
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<tr>
<td>1950</td>
<td>Shell adds pesticide production to its facility in Vila Carioca.</td>
</tr>
<tr>
<td>1975</td>
<td>Shell builds pesticides production facility near the city of Paulinia, located northwest of Sao Paulo, Brazil. At this facility, Shell produces pesticides that have been banned in the United States and other countries.</td>
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<tr>
<td>1978</td>
<td>Shell shuts down its pesticide production at the facility in Vila Carioca. Brazilian government bars the sale of the pesticides aldrin, dieldrin, and endrin, but Shell is allowed to continue pesticide production at its facility in Paulinia for export to other countries.</td>
</tr>
<tr>
<td>1993</td>
<td>Labor and environmental organizations, Sindicato do Trabalhadores no Comercio de Minerais e Derivados de Petroleo de Sao Paulo (SIPETROL), also known as the Union of Workers in Mining, Coletivo Alternativa Verde (CAVE), and Greenpeace file a joint complaint in court citing contamination at Vila Carioca.</td>
</tr>
<tr>
<td>1995</td>
<td>Shell sells its pesticide production facility in Paulinia to American Cyanimid and BASF with the condition that Shell assumes legal responsibility for the pesticide contamination on the facility property.</td>
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<tr>
<td>2000</td>
<td>BASF takes full ownership of facility in Paulinia.</td>
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### 2001
Shell admits to contaminating groundwater in the area following environmental reports of harmful levels of pesticides. Shell is ordered by the government to begin a clean up.

A report produced by the Paulinia City Hall finds contaminants in the bodies of 156 residents that are linked to cancers, liver disorders, and neurological damage.

The Sao Paulo Public Ministry reports that Shell has exposed Paulinia residents to pesticides. Shell dismisses the report.

Exxon enters into a partnership with Shell in the ownership of the facility in Vila Carioca.

### 2002
BASF shuts down the facility in Paulinia.

Sao Paulo officials order the shut down of Shell’s fuel storage and distribution terminal in Vila Carioca because Shell was operating the facility under a license that expired in 1985. Shell wins a court ruling that overturns the governmental shut down.

Brazil’s environmental agency finds high levels of pesticides in artesian water wells near Vila Carioca and fines Shell $38,963 USD.

### 2004
Shell settles lawsuit with the government of Sao Paulo. The lawsuit presented evidence that Shell extensively contaminated the environment and created dangerous conditions for workers.

### January 2005
The government of Sao Paulo and Shell publicly announce the Pledge Terms of Behavior Adjustment. Shell is 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 is required to take steps to protect workers’ health, including providing medical examinations for hundreds of former and current workers. Through the media, Shell begins to notify the local population of medical examinations for workers.
Although Shell generally acknowledges that its activities and operations can result in negative environmental, health, economic, and social impacts, it has failed to adequately prevent or mitigate such impacts from the Sakhalin II project. Instead, Shell has run roughshod over the concerns of local citizens who seek to preserve their environment, livelihoods, and culture. The past year has seen some of these impacts come to light.

### Dumping Begins

In April 2005, contractors constructing the Sakhalin II liquefied natural gas (LNG) plant began dumping an estimated 2 million cubic meters of dredged materials into Aniva Bay, an important habitat for many commercial species of fish, crabs, and scallops, which provide one-third of the island's commercial fisheries resources. Shell has rejected demands from fishermen, ecologists, and community residents that dredged materials be dumped at a safer location in the open sea.

### Shell's PR Tactics

Shell employs public relations tactics to project the image of a multinational corporation that is responsive to citizens' concerns. However, the reality is that with Sakhalin II, Shell has only taken tiny steps to respond to public pressure. For example, *Behind the Shine—the Other Shell Report, 2003* noted that Shell's plan to route undersea pipelines directly through
the feeding habitat of the Western Grey Whale was one of many significant problems with Sakhalin II. Shell commissioned the Independent Scientific Review Panel, which recommended in 2005 that the pipelines be re-routed away from the feeding habitat of the whale. Only then did Shell finally concede this point, and agree to re-route its undersea pipelines. Local communities view this as an important first step, yet are concerned that many of the other issues raised by the panel are being ignored by Shell. Citizens have also voiced serious concerns about Sakhalin II that extend beyond the impacts on the Western Grey Whale. These concerns, as discussed below, are being ignored by Shell.

Shell's Oil Spill

Contrary to the rosy predictions made by Malcolm Brinded, Managing Director of the Shell Transport and Trading Company, plc, during the 2004 Shell annual general meeting, Sakhalin II is a growing debacle. In September 2004, a ship dredger contracted to the Sakhalin II project ran aground on the west coast of Sakhalin Island, dumping its load of fuel oil which washed up along six kilometers of shoreline, including a popular public beach. Dozens of local residents exposed to the spill's toxic fumes sought emergency medical treatment for respiratory problems and headaches. Sakhalin's Environmental Prosecutor initiated criminal charges for the damage to the marine environment caused by the oil spill. Environmental organizations called for a moratorium on the marine activities of Sakhalin II.

Despite warnings from independent consultants in 1999, the response to this environmental disaster by Shell was a complete fiasco. Equipment was not in place to contain the oil spill and it took two days to arrive. It took more than six months to salvage the grounded dredger. Shell appears not to want to learn the lesson of this disaster and listen to the experts. It still has not developed a comprehensive plan for preventing andremediying hazardous oil spills that can occur from the extensive scope of its operations.
What People Are Saying About Shell & Sakhalin II

Sakhalin’s Indigenous Peoples—
Indigenous people on Sakhalin Island have demanded an independent cultural impact assessment of Sakhalin II and a compensation fund for losses arising from the project. During January 2005, over 200 members of Sakhalin Island’s Nivkh, Uilta, Nanai and Evenk peoples endured minus-30 degree Celsius temperatures for five days in order to blockade the Sakhalin I and Sakhalin II projects. The people stopped the projects to demand protection of their native fisheries, reindeer pastures, and their livelihoods from the growing dangers of irresponsible oil and gas production.

International Public Banks—In 2003 the European Bank for Reconstruction and Development (EBRD) and the Export Credit Agencies of the United States, the United Kingdom, and Japan determined that the Sakhalin II Environmental, Social, Health Impact Assessment is “unfit for purpose”. Shell’s self-serving assessment failed to correctly state the baseline conditions of Sakhalin Island and the negative consequences of the project. Consequently, these public banks vowed to withhold consideration of up to $5 billion USD in financing for the Sakhalin II project until fundamental problems are remedied. A final decision from the EBRD is due later this year.

The Independent Scientific Review Panel—A panel of independent scientists reviewing the project has been unequivocal in expressing their concerns for the Western Grey Whale: “... [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 grey whale feeding grounds off Sakhalin, and especially the critical nearshore feeding ground that is used preferentially by mothers and calves. ...”72

The Wild Salmon Center—Responding to photographs published in The Observer newspaper on 20 March 2005,73 which showed the Sakhalin II pipeline construction slashing through forests and turning a once pristine stream into a muddy mire, the Wild Salmon Center observed that: “These photos seemed to indicate a number of potentially serious lapses of quality control, including construction roads directly through streams, vehicle tracks through streams, bridges that obstructed stream flow, water flowing unchecked through construction sites, and small streams clogged with construction debris”74. They also noted additional concerns, including “construction of pipelines through spawning areas and wintering pools [which] is specifically and directly prohibited by the Russian Federal Law on Wildlife and related regulations”.75

A Turn for the Worse

In December 2004, it came to light that Shell began construction of the LNG plant without preparing for the needs of the thousands of workers required for the project.69 According to a report on the social impacts of the Sakhalin II project, several thousand workers overran the city of Korsakov and surrounding communities, overwhelming the area’s housing, sewage, and medical infrastructure.72 Further, the report finds that, as a consequence of this influx of workers, social conditions have deteriorated as rates of violence, sexually transmitted diseases, and epidemic diseases, including tuberculosis, have increased.74
Location reports

County Mayo: From Devastating Beauty to Devastating Ruin

For the past three years, Shell has been running roughshod over local communities on the west coast of Ireland, and is poised to transform an area of outstanding natural beauty into an environmental disaster zone.

Shell owns a substantial portion of the Corrib gas field in the Atlantic Ocean. Shell operates this offshore gas field approximately 35 miles west of the Mullet Peninsula in County Mayo, Ireland. Shell’s plan to bring on shore the raw, untreated gas from the field involves constructing a massive, high pressure pipeline and gas refinery in a particularly beautiful and sensitive area of wild coast.

The proposed pipeline will be five-miles long (the longest of its type in the world), and will cross protected dunes, traverse a fragile estuary teaming with wildlife, cut through treacherous blanket bog at many different points, pass by homes and villages, slice up the small farms in the tiny village of Rossport, and finally reach a hilltop where a gas refinery will be built to process the product. Several local residents, who own 50 per cent of the land earmarked for the pipeline, are fearful about the health and safety aspects of the proposed project. The massive September 2003 landslides at Dooncarton Mountain, in close proximity to the pipeline route, and the potential for an explosion from this high pressure pipeline are among their chief concerns.

The proposed refinery is also a cause of concern. The refinery will clean the incoming gas of impurities including heavy metals and toxins like lead, nickel, magnesium, phosphorous, arsenic and mercury. This toxic waste will be pumped into Broadhaven Bay. The bay is a designated special area of conservation. Due to the bay’s circular tidal pattern and semi-enclosed nature, much of this toxic waste is likely to stay within the bay, rather than be washed out to sea. This toxic discharge poses significant concerns for the stocks of fisheries such as salmon and crab upon which much of the local economy depends, other aquatic life, including some rare species, and numerous species of birds supported by the bay which are of international and regional importance. Further, the refinery will be built in a bog, a dangerously unstable landscape, as evidenced by a dramatic bog slide in 2003 at Pullatomish/Dooncarton.
Bullying the Locals

In December 2004, Shell sent letters to all landowners in the path of the proposed pipeline, warning that the company would enter properties to begin their work—despite the fact that the government’s decision to approve the pipeline was being appealed in court. Rossport property owners posted “no trespassing” signs and made preparations to peacefully turn Shell away until the legal issues are resolved. Nevertheless, according to an eye-witness report by the non-governmental organization, Global Community Monitor (GCM), on 10 January 2005, Shell representatives attempted to enter the landowners’ property.

According to GCM, on 11 January 2005, as schools and hospitals were closing due to a violent approaching storm, Shell representatives entered these private lands. GCM witnessed Shell representatives increasing their provocations steadily throughout the day. According to GCM, the landowners called the media, and local radio stations aired interviews conducted in gale force winds as the scene unfolded. GCM reported that Shell representatives would enter a property and then be asked to leave by the landowner in front of local Garda (police), while a Shell representative videotaped the exchange. As Shell representatives left the properties, GCM heard the representatives threaten to take legal action against the landowners.

Solidarity Against All Odds

On 25 March 2005, the landowners opposed to Shell’s project were supported by 300 people who joined them in a peaceful walk through the village of Rossport on Good Friday. The group walked three miles along the proposed path of the pipeline. Maura Harrington, a local school teacher, told a reporter: “Good Friday is a day of suffering and passion and these people in Rossport are going through their own persecution.”

One of those on the walk was Sister Majella McCarron who had spent 30 years in Nigeria before establishing Ogoni Solidarity Ireland, an education campaign organized to try to prevent the hanging of Ken Saro-Wiwa, who founded the movement against Shell in Nigeria in protest against Shell’s devastation of his homeland. Maura Harrington observed that, “[Ken Saro-Wiwa] was involved in a peaceful protest in Nigeria and he started the movement against Shell and what had been done in his homeland. There are a number of parallels in his story with the landowners in Rossport, including the love for family and land.”
Location Reports

Pandacan: Negotiating Substandard Environmental Controls

**Philippines**

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.112 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.113

Notwithstanding its much publicized commitment to health and safety, Shell negotiated with local officials to continue hazardous operations just a stone’s throw away from where children play and where sources of drinking water for residents are located. The negotiations between Shell and the government officials were concealed from the public. The outcome of these negotiations was that Shell and the only other depot owners in Pandacan, Caltex and Petron, agreed to scale down the number of their oil tanks and apply for an environmental compliance certificate.113 Shell and the other two companies have now integrated their oil depots under joint ownership.114 Their joint application for the environmental compliance certificate—which explains how Shell and its partners plan to operate in a way that they believe is protective of the environment, health, and safety—is woefully inadequate (see below). On 12 January 2004, the government issued an environmental compliance certificate, allowing the operation of the oil depot in accordance with the terms dictated by Shell and its partners in their application.115

**Sham Environmental Protection**

Odors and fumes emanating from the oil depot are a continual source of complaints from Pandacan residents, and there is clear indication that people are exposed to carcinogens and other harmful toxins stored at the oil depot. However, the environmental compliance certificate does not require any air monitoring that could detect the presence of harmful substances and warrant the reduction or elimination of these toxins.116 Nor does it require any specific plans to mitigate hazards occurring at the oil depot.117

In securing its environmental compliance certificate, Shell was able to extract from some local officials a statement of support that reveals an alarming disregard for protecting the environment, public health, and safety of Pandacan residents:

[It is of paramount concern for us to ensure the general welfare of our constituents by accelerating and enhancing the economic propensities and upgrading the quality of life, more than promoting sound urban planning or protecting health and safety of our communities. (Emphasis added).118

Chito Adofina, United Front To Oust Oil Depots, using a state-of-the-art air monitor to detect toxic hotspots in public areas around the Shell depot on a real-time basis. (Denny Larson/GCM)
The Year at a Glance

January 2004 Shell receives an environmental compliance certificate that provides substandard environmental controls.128

February 2005 An initial medical study conducted by the University of the Philippines College of Medicine reveals that Pandacan residents have been exposed to neurophysiological toxins which are present in petroleum products stored at the oil depot.129

April 2005 A community health survey revealed that 60% of the people surveyed said that they smell foul odors emanating from the oil depot complex.130

April 2005 Pandacan community air monitoring, using state-of-the-art equipment, detects high levels of chemical gases in the air when trucks are being loaded with oil products at the depot and when they are idling. The monitor also detects high levels of chemical gases near drains located in a recently created oil depot buffer zone that has recreational facilities for children.131

May 2005 Shell says it will conduct an air quality study, but will not use state-of-the-art equipment, despite the fact that it uses such equipment elsewhere.132

There have been allegations of corruption surrounding the deal. Felix Majabague, a local official who refused to sign the statement of support, explained: “Shell invited all of us Barangay leaders [district council officials] to a hotel room, and asked us to sign a document that would help Shell to keep its oil depot in Pandacan. The leaders who signed the document received a gift from Shell”. Meanwhile, the people of Pandacan are left without any meaningful environmental protection.

Toxins in the Air

In April 2005, the United Front to Oust Oil Depots (UFO-OD), a Pandacan community advocacy organization, employed a state-of-the-art air monitoring device that detects toxic gases on a real-time basis at extremely low levels in the parts per billion range.133 This hand-held device showed the presence of toxic emissions at their highest concentrations when trucks are being loaded with fuels and oil products at the oil depot, and when trucks are idling.134 The air monitor also revealed high levels of chemical gases in the air near drains located in a recently created oil depot buffer zone that has recreational facilities for children.135

Also, in April 2005, UFO-OD conducted a community health survey of 600 people living in four barangays (council districts) in Pandacan. According to the survey, 60% of the people surveyed said that they smell foul odors emanating from the oil depot complex.136

In an attempt to appease residents’ longstanding demands for reducing air pollution, Shell has said that it will conduct an air quality study.137 But the company will not use state-of-the-art monitoring equipment to do this, despite the fact that Shell is already using such equipment in Durban, South Africa and Geelong, Australia, and is testing the equipment in the United States.138

Medical Study Shows Pandacan Residents Near Oil Depot Exposed to Neurological Toxins

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 neurophysiological toxins which are present in petroleum products stored at the oil depot. Medical students examined residents for their deep tendon reflexes, dynamometry (muscle strength), lead levels in urine, and nerve conduction velocity. This study concluded that, for the selected population, as the distance of their homes from the Pandacan oil depot increases, the exposure to lead and incidents of polyneuropathy (nerve damage) decreases.139

Equipped with air monitor buckets, Pandacan residents expose the toxic air pollution released by Shell’s oil depot operations. (Denny Larson/GCM)
Location reports

Curaçao: Shell CEO Jeroen van der Veer Leaves Behind a Mess

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 Curaçao want Shell to put its words into action.

Curaçao is home to the largest population in the Netherlands Antilles, totaling approximately 150,000 people. This island in the Caribbean Sea is also home to the oldest oil refinery in the western hemisphere, which was constructed and operated by Shell for 70 years, from 1915 to 1985.

At this refinery, Jeroen van der Veer toiled as a mechanical engineer and honed his skills in “refinery design.” Now, as Chief Executive Officer of Royal Dutch/Shell, Jeroen van der Veer is redesigning the corporation’s governance structure. His public speeches depict Shell as caring about the communities where it mines, drills, and extracts its wealth. However, as a previous Shell employee in Curaçao, Jeroen has had direct and personal experience with Shell exploiting a host community, and walking away from the disastrous consequences.

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.

Residents of Curaçao, who are outraged by the environmental mess that Shell has left behind, organized the Humane Care Foundation Curaçao in 2003. Their painstaking efforts have exposed the toxic legacy created by Shell. 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.\textsuperscript{144} 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.\textsuperscript{145} The former chairman of the PdVSA Board of Directors, Luis Guisti, now serves on Shell’s Board of Directors and was re-elected at the 2004 annual general meeting.\textsuperscript{146} Luis Guisti worked at PdVSA for over 20 years.\textsuperscript{147} Currently, Shell is partnering with PdVSA in a long-term joint venture to operate a liquefied natural gas terminal in the Caribbean.\textsuperscript{148}

In a recent speech to international business managers, Jeroen van der Veer stated: “Shell works with countries . . . that are concerned about the health . . . of all their people. . . . We try to minimise the impact of our operations on host communities”.\textsuperscripts{149} However, contrary to “working with countries”, Shell abused its power in Curaçao to such an extent that a Shell manager unabashedly asserted: “The Antillean government? We are the government!”\textsuperscript{150} The impacts of Shell’s refinery on its host community in Curaçao have in no way been minimal. Shell has caused extensive contamination on the island, leaving the burden of clean-up to the people of Curaçao, who lack the resources to do so.

As the CEO of Shell, Jeroen van der Veer is now in a position to right the wrongs of Shell’s operations in Curaçao, and demonstrate to the world a leadership that fulfills his often repeated commitment to human rights, health, environmental protection, and ethical practices.
Location reports
Port Arthur: Shell Dismisses Refinery Malfunctions Harming Neighborhood

Texas, USA

“We see a side of Shell that its board of directors and managers try to hide from the public. The Shell we know recklessly operates an oil refinery across the street from our homes. Every day Shell dumps toxic pollution on our neighborhood that is damaging our health, especially our children who can’t breathe without an inhaler.”

—Hilton Kelley, Director of Community In-power Development Association

Malfunctions: A Way of Doing Business

Although Shell claims that it strives to improve its environmental performance,155 chronic malfunctions are all too common at Motiva.156 Fatalities among workers make Shell facilities, including Motiva, among the most dangerous in the United States.157

Motiva has taken advantage of huge exemptions in U.S. environmental regulations, which allow the refinery to exceed pollution limits whenever a malfunction occurs. Such exemptions have been criticized for encouraging companies like Shell to ignore corrective measures that can prevent refinery malfunctions.158 These malfunctions exacerbate the unhealthy conditions for West Port Arthur residents by increasing pollution levels.

This year Motiva has breached even these lax environmental laws. On 14 April 2005, the Texas state government penalized Motiva for violating environmental laws.159 The environmental agency determined that Motiva failed to prevent unauthorized emissions, failed to properly operate pollution control equipment, failed to properly submit initial notification for reportable emission events, and failed to properly submit final reports for emission events.160 The state government ordered Motiva to pay a penalty of $656,397.00 USD for its unlawful actions.161
In August 2004, the Environmental Integrity Project issued a report that reveals the malfunctions occurring at Motiva, among other facilities. According to the report, the Motiva refinery polluted the air with 233,559 kg (514,910 pounds) of toxins as a result of malfunctions in 2003.162

Motiva’s reports of its malfunctions in 2004, which are not independently verified, show that malfunctions continue. According to the company’s reports to an environmental agency, malfunctions at Motiva caused an estimated total of 106,495.46 kg (234,784.17 pounds) of toxins to be released into the air in 2004.163

**Taking Charge**

On 12 November 2004, the residents of West Port Arthur, organized as Community In-power Development Association (CIDA), led a march by residents of Port Arthur and Beaumont to demand that their elected officials require pollution reduction at Motiva and surrounding facilities, and stop exempting wealthy corporations like Shell from paying local taxes.

CIDA is now using a state-of-the-art air monitor, known as the CEREX ultra-violet sentry system, which provides instant detections of toxins in the air, and can indicate when a toxin is at a concentration that exceeds health-based standards. As part of their ongoing work for pollution reduction and health care, CIDA members plan to use this air monitoring device to identify the toxic impacts of Motiva and other industrial facilities on the Port Arthur community.
## Motiva Refinery’s Estimated Amount of Toxic Pollution Released by Malfunctions and Other Incidents in 2004\(^\text{164}\)

<table>
<thead>
<tr>
<th>Date of Malfunction</th>
<th>Amount of Pollution Released</th>
<th>Identification of Contaminants Released</th>
</tr>
</thead>
<tbody>
<tr>
<td>9 Jan. 04</td>
<td>1,334.92 kg (2,943 lbs.)</td>
<td>Butane, Butene, Carbon Monoxide, Nitrogen Dioxide, Nitrogen Oxide, Propane</td>
</tr>
<tr>
<td>11 Feb. – 10 Mar. 04</td>
<td>2,947.44 kg (6,498 lbs.)</td>
<td>Carbon Monoxide, Hydrocarbons, Nitrogen Dioxide, Particulate Matter</td>
</tr>
<tr>
<td>12 Feb. – 29 Feb. 04</td>
<td>7,797.25 kg (17,190 lbs.)</td>
<td>Carbon Monoxide, Hydrocarbons, Nitrogen Dioxide, Nitrogen Oxide, Particulate Matter</td>
</tr>
<tr>
<td>16 Feb. – 29 Feb. 04</td>
<td>2,067.47 kg (4,558 lbs.)</td>
<td>Carbon Monoxide, Hydrocarbons, Nitrogen Dioxide, Nitrogen Oxide, Particulate Matter</td>
</tr>
<tr>
<td>2 Mar. – 1 Apr. 04</td>
<td>9,100.42 kg (20,063 lbs.)</td>
<td>Carbon Monoxide, Hydrocarbons, Nitrogen Dioxide, Nitrogen Oxide, Particulate Matter</td>
</tr>
<tr>
<td>5 Mar. – 22 Mar. 04</td>
<td>5,654.93 kg (12,467 lbs.)</td>
<td>Carbon Monoxide, Hydrocarbons, Nitrogen Dioxide, Nitrogen Oxide, Particulate Matter</td>
</tr>
<tr>
<td>26 Mar 04</td>
<td>13.87 kg (30.58 lbs.)</td>
<td>Butane, Carbon Monoxide, Ethane, Hydrogen, Hydrogen Sulfide, Methane, Nitrogen Dioxide, Nitrogen Oxide, Pentane, Propane, Sulfur Dioxide</td>
</tr>
<tr>
<td>15 Apr. – 12 May 04</td>
<td>4,730.5 kg (10,429 lbs.)</td>
<td>Carbon Monoxide, Hydrocarbons, Nitrogen Dioxide, Nitrogen Oxide, Particulate Matter</td>
</tr>
<tr>
<td>1 May 04</td>
<td>4,658.4 kg (10,270 lbs.)</td>
<td>Butane, Butene, Carbon Monoxide, Ethane, Ethylene (gaseous), Hydrogen Sulfide, Methane, Nitrogen Dioxide, Nitrogen Oxide, Pentane, Propane, Propylene (Propene), Sulfur Dioxide</td>
</tr>
<tr>
<td>27 May 04</td>
<td>200.94 kg (443 lbs.)</td>
<td>1-Butene, Butadiene 1-3, Butene, Pentane, Propane, Propylene (Propene)</td>
</tr>
<tr>
<td>25 Aug. 04</td>
<td>5,336.5 kg (11,765 lbs.)</td>
<td>Butadiene 1-3, Butane, Butene, Carbon Monoxide, Ethylene (gaseous), Hexane, Hydrogen Sulfide, Nitrogen Dioxide, Nitrogen Oxide, Pentane, Pentene, Propylene (Propene), Sulfur Dioxide</td>
</tr>
<tr>
<td>17 Oct. 04</td>
<td>560.04 kg (1,236 lbs.)</td>
<td>1,3-Butadiene,Butane, Cis-2-butylene, Ethane, Ethylene (gaseous), Hydrogen Sulfide, Isobutane, Isobutylene, Methane, Propane, Propylene (Propene), Trans-2-butylene</td>
</tr>
<tr>
<td>20 Oct. 04</td>
<td>1,249 kg (2,754 lbs.)</td>
<td>Carbon Monoxide, Nitrogen Dioxide, Nitrogen Oxide, Sulfur Dioxide</td>
</tr>
<tr>
<td>24 Oct. 04</td>
<td>62.14 kg (137 lbs.)</td>
<td>Hydrocarbons</td>
</tr>
<tr>
<td>27 Oct – 28 Oct. 04</td>
<td>3,628 kg (7,998.4 lbs.)</td>
<td>Carbon Monoxide, Nitrogen Dioxide, Nitrogen Oxide, Sulfur Dioxide</td>
</tr>
<tr>
<td>22 Dec. 04</td>
<td>47,829.5 kg (105,446 lbs.)</td>
<td>Carbon Monoxide, Nitrogen Dioxide, Nitrogen Oxide, Sulfur Dioxide</td>
</tr>
<tr>
<td>28 Dec. 04</td>
<td>127.54 kg (281.19 lbs.)</td>
<td>1-Butene, Butane, Ethane, Ethylene (gaseous), Hydrogen Sulfide, Pentane, Propane, Propylene (Propene)</td>
</tr>
<tr>
<td>31 Dec. – 1 Jan. 05</td>
<td>9,196.6 kg (20,275 lbs.)</td>
<td>1-Butene, Butane, Pentene, Propane, Propylene (Propene)</td>
</tr>
</tbody>
</table>

**TOTAL:** 106,495.46 kg (234,784.17 lbs.)

Motiva asserts that its malfunctions have “no impact on human health or the environment”.\(^\text{165}\) However, there is evidence that the pollution released during refinery malfunctions can be damaging to human health, and includes toxins that cause cardiovascular and respiratory damage, cancer, and impaired reproductive, neurological, and immune systems.\(^\text{166}\)
24 The Other Shell Report

Norco and Coastal Louisiana: Shell Ignores Dangerous Impacts

**Location reports**

Norco and Coastal Louisiana: Shell Ignores Dangerous Impacts

Shell takes pride in its two programs designed to address and support environmental concerns in the town of Norco, Louisiana and in the coastal area of Louisiana. However, recent events demonstrate that Shell has resisted taking precautionary action to prevent the long-term impacts of its operations that are damaging to human health in Norco, and are threatening to marine species in coastal Louisiana.

**Shell Ignores Long-Term Impact of Emissions on Norco Residents**

On the banks of the Mississippi River in Louisiana, Norco is home to a large Shell oil refinery (now a joint venture called Motiva) and a Shell chemical facility. Norco is located in “Cancer Alley”, a 136 kilometer span of the Mississippi River where over 130 refineries and petrochemical facilities operate in very close proximity to communities. The Norco neighborhood of Diamond, where close-knit African American families have lived since the 1700s, is locked between the two Shell facilities.

Several years of persistent advocacy by Diamond residents, organized as Concerned Citizens of Norco (CCN), achieved an unprecedented victory in 2002. CCN successfully compelled Shell to meet the community’s demands for a fair and just relocation and a reduction in the pollution from its facilities. This was a bittersweet victory for residents, who had to leave their historic community to find a healthy place to live. Although residents made it abundantly clear that the issue of health was their motivating factor in demanding relocation and pollution reduction, Shell has not acknowledged any of the potential health impacts of its operations.

At the time of the relocation in 2002, Shell reached an agreement with the Louisiana Department of Environmental Quality which included the introduction of an air monitoring program in Norco by Shell. The program is designed to monitor for 51 toxic volatile organic chemicals (VOCs) which are either known or suspected to cause cancer, and are toxic to the human reproductive, developmental, and respiratory systems.

As reported in *Behind the Shine—the Other Shell Report, 2003*, Shell’s monitoring programme is inadequate. The monitors do not detect sulfur compounds, which are lung-damaging pollutants routinely released in massive quantities by the Shell facilities in Norco, and air samples are taken only once every six days. Shell also uses technologically inferior canisters to collect the air samples.

These deficiencies have been ignored by Shell, despite repeated protestations of Concerned Citizens of Norco since the inception of the program.
Even with these inadequacies, however, the air monitors have detected numerous VOCs. The most recent air monitoring data report, for the period from January 1 through March 31, 2004, detected 49 of the 51 VOCs.\(^{176}\) Twenty VOCs made up more than 95% of the total.\(^{177}\) Of these 20, benzene (a known human cancer causing agent) and toluene (a developmental and reproductive toxin) were two of the major components.\(^{178}\) The locations of the monitors detecting VOCs indicate that these toxic emissions are migrating throughout the town on a regular, ongoing basis.

Shell dismisses these VOC emissions because no single air sample exceeded air quality standards, and concludes that Norco’s air quality is “good”.\(^{179}\) However, for more than a decade scientific research has shown that so-called “low levels” of VOC emissions are damaging to human health.\(^{180}\) The potential cumulative health impacts from the exposure of Norco residents to Shell’s VOC emissions on a continuing basis over many years are disregarded by Shell.

**Shell Ignores Long-Term Impacts of LNG Project on Coastal Fisheries**

Shell has shown a similar disregard for its potential impacts on fisheries in coastal Louisiana. Shell is seeking governmental permits to construct a liquefied natural gas (LNG) terminal approximately 30 miles off the state coast. Shell plans to transport liquefied natural gas that has been frozen to a temperature of 260 degrees below zero to its proposed terminal on huge tanker ships. At this terminal, Shell proposes to re-heat the gas using an “open loop” system that will involve the daily intake of 757,082,400 litres (200 million gallons) of gulf water through a radiator-like structure. The marine species and eggs flowing through this system would be killed by the sudden drop in water temperature and the chlorine added to the water, or would be crushed against the intake screens. The cumulative impacts of the proposed LNG terminal on numerous marine species, including the red fish—which is the focus of an ongoing environmental management plan to restore its population which has been virtually depleted as a result of overfishing—have not been addressed by Shell. For this reason, Shell now faces opposition from the governor of Louisiana,\(^{181}\) the commercial fishing industry,\(^{182}\) and environmental organizations.\(^{183}\) These diverse groups have all urged a “closed loop” system. Such a system would use approximately two percent of the gas to reheat the liquefied gas, without any intake of gulf waters.\(^{184}\) Although Shell has established a program for protecting marine species and ecosystems on the coast of Louisiana and the Gulf of Mexico,\(^{185}\) the corporation refuses to employ the “closed loop” system.

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**The Year at a Glance**

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>Shell has still not acknowledged any of the potential health impacts of its operations on the citizens of Norco.</td>
</tr>
<tr>
<td>June</td>
<td>The most recent emission data show that 49 of the 51 monitored volatile organic chemicals are present in Norco air.(^{186})</td>
</tr>
<tr>
<td>September</td>
<td>Shell dismisses these emissions, ignoring the potential cumulative impact.(^{187})</td>
</tr>
<tr>
<td>April</td>
<td>The fishing industry and environmental organizations oppose the “open-loop” system for Shell’s proposed LNG terminal in coastal Louisiana.(^{188})</td>
</tr>
<tr>
<td>May</td>
<td>The governor of Louisiana opposes the “open-loop” system for Shell’s proposed LNG terminal in coastal Louisiana.(^{189})</td>
</tr>
</tbody>
</table>
Conclusion

Shell Demonstrates the Case for Mandatory Corporate Accountability

This alternative Shell report and the ones produced over the last two years present a unique look at several of the peoples and places harmed by Shell’s operations around the globe. Whether in the Niger Delta in Nigeria; Pandacan, the Philippines; Sakhalin Island in Far East Russia; Durban, South Africa; Sao Paulo, Brazil; Port Arthur, Texas or Norco, Louisiana in the United States; or Curacao island in the Caribbean, what these communities all have in common is that they have been used by Shell as the dumping grounds for oil refining, chemical manufacturing, oil and gas drilling, and storage of oil products. These communities also share a common history of generations of people who were able to live in harmony with their environments, and reflect in their language, cultures, and histories a deep and abiding respect for the environment.

Despite environmental advances in industrial technologies and global concern for environmental preservation and protection of human health, Shell has not adequately upgraded its industrial operations in the communities featured in this report. Instead, the corporation has focused on upgrading its defensive form of public relations. Shell pays lip service to respecting human rights and promoting sustainable development whilst continuing with business as usual. In the ten years following the brutal killing of Ken Saro-Wiwa and 8 other MOSOP members—a time when Shell invested in rehabilitating its reputation—the company can point to few examples where it voluntarily and irrefutably corrected its environmental damage so that the land is restored, the air is healthy to breathe, and the water is clean.

The failure of Shell’s approach to corporate social responsibility (CSR), including the company’s failure to address the cases featured in this report, demonstrates that the voluntary approach to CSR is not working. The time has come to establish mandatory legal requirements that would ensure companies like Shell are liable for the damage they cause around the world.

Friends of the Earth International has developed proposals for an international legally binding convention on corporate accountability and liability. Friends of the Earth is campaigning for corporate accountability internationally and nationally.

In the UK over 100 groups have come together to form the Corporate Responsibility coalition (CORE) stating: “The starting point of our Coalition, is that we believe the voluntary approach to Corporate Responsibility has failed”. CORE is campaigning for changes to UK company law that would start to introduce legal corporate accountability. These include three main pillars:

1. Mandatory reporting and access to information—a requirement for companies to report annually on the significant negative social and environmental impacts of their business operations, policies, products, and procedures. 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—new statutory duties requiring directors to take reasonable steps to reduce the significant negative social and environmental impacts of their business operations, products, policies, and procedures, which have been identified through the mandatory reporting requirements. This new duty could be referred to as ‘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 UK companies (and directors) to have proper regard for these new duties, would have the legal right to seek redress in a UK court with legal aid. This would include negative impacts such as human rights and environmental abuses resulting directly from the operations, policies, products, and procurement practices of UK companies or their overseas subsidiaries. This would allow the communities featured in this report to obtain justice in the UK courts when their own courts fail them.

With the unification of Royal Dutch and Shell Transport into one company seated in the Netherlands, the need for the Dutch government to establish such legal requirements, as indicated above, becomes only more pertinent. Milieudefensie (Friends of the Earth Netherlands) strongly supports proposals for an international legally binding convention on corporate accountability and liability, and is calling for new national laws that would help to hold multinationals accountable. As shown by the examples in this report, rights for fence-line communities cannot be guaranteed by voluntary initiatives alone.

Shell’s annual general meeting in June 2005 will be the third consecutive year that the residents of the communities featured in this report have traveled to London and The Hague in an attempt to have their voices heard by Shell and its investors, by governments, and in the media.

At previous meetings Shell has claimed to have heard their voices. But, as this report documents, the residents of these communities have returned home to find that little has changed over the following year.

This year the annual general meeting will be dominated by Shell’s plans for restructuring. There is nothing in Shell’s proposals that looks at the company’s accountability other than to shareholders. Until Shell is accountable to its wider stakeholders, including to the communities in which it operates, these communities fear that they face returning home to business as usual once again.