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SHELL'S INVESTORS GIVEN WAKE-UP CALL AS INDEPENDENT REPORT REVEALS A LEGACY OF LIABILITIES OVER NIGER DELTA

Failure to clean-up pollution leaves FTSE 100 company exposed to potential bill of billions

Shell's investors are facing a tougher international legal environment that is likely to have a dramatic impact on its balance sheet as claims mount from its activities in the Niger Delta, according to a new independent report from specialists at the University of Essex.

The potential liabilities range from sizeable damages for failures to take adequate steps to prevent and clean up oil spills, through to liabilities under USA and European stock exchange rules.

Responding to the report, Peter Frankental, Economic Relations Programme Director of Amnesty International UK, said:

“Amnesty International welcomes the findings of today's independent report. It draws attention to Shell's precarious legal position arising from its appalling impacts in the Niger Delta and brings closer the day when the company will be held accountable.

“Large parts of the Niger Delta, home to more than 30 million people, have become a polluted wasteland due to the activities of oil companies.

“Numerous oil spills have left local communities with little option but to drink polluted water, eat contaminated fish, farm on spoiled land, and breathe in air that reeks of oil and gas.

“Yet, Shell has consistently failed to own up to its responsibilities and appears to be operating to lower standards in the Niger Delta than elsewhere, simply because it thinks it can get away with it. This report makes clear that the parent company, Royal Dutch Shell, can be held liable for its subsidiary's failure to operate to acceptable standards.

“The company's actions over the past 50 years have built up a legacy of potential liabilities. If I were a pension fund holder, I'd take a long hard look at these findings and demand Shell's Board take immediate action.

“Shell can no longer wriggle away from its responsibilities. This report sets out a clear legal basis for its parent company to exercise a duty of care towards those affected by the operations of its subsidiary in the Niger Delta. The longer Shell fails to act, the more costly the clean-up process becomes – and that hurts not just the people of the Niger Delta, but the company's investors.

“The net is closing in. International litigation is growing, with compensation cases now in progress in the Netherlands, the USA and in the UK. Shell's ability to drag out legal proceedings in Nigeria to delay

paying compensation is coming under growing scrutiny. The day of reckoning for the company's cavalier attitude towards addressing its environmental and human rights impacts is approaching.

“The final total bill could run into many billions of pounds.”