Royal Dutch Shell  Netherlands

**Sectors:** Oil and Gas Extraction

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**By:** BankTrack
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**Sectors**
Oil and Gas Extraction

**Headquarters**

**Ownership**
listed on Euronext Amsterdam, London Stock Exchange & NYSE
Shell’s shareholder structure can be accessed here.

**Subsidiaries**

**Website**
http://shell.com

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**About Royal Dutch Shell**
Royal Dutch Shell, established in 1907 and commonly known as Shell, is a British-Dutch oil and gas company headquartered in the Netherlands and incorporated in the United Kingdom. It is one of the oil and gas 'supermajors' and the third-largest company in the world measured by 2019 revenues (USD 396.6 billion). Shell has about 83,000 employees and produces 3.7 million barrels of oil equivalent per day. Shell has 4.981 billions barrels of oil equivalent in developed and undeveloped reserves (2019 Annual report).

Shell operates in upstream and downstream segments in over 70 countries on all continents. The company is active in liquefying and converting natural gas, extracting bitumen and developing wind power, as well as refining and distribution. An overview of Shell's largest projects can be accessed here.

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**Impacts**

**Social and human rights impacts**
Shell has been involved in dozens of cases of human rights violations, corruption, underpaying staff, bribery and other social impacts. An up-to-date overview can be found at Shellwatch. Here we mention some of Shell's most severe social and human rights impacts.

Shell, together with BP and Chevron, was found to export extremely carcinogenic fuels to West Africa. The benzene concentration in these fuels was up to 40 times higher than the European allowed maximum. It was found that benzene was intentionally added to gasoline for West Africa to increase the octane number. The inspection also found that on-road fuels contained 300 times more sulphur than is permitted in the EU.

In June 2017 four Nigerian widows filed a lawsuit against Shell in the Netherlands. The husbands of these women were, together with 5 others, executed 1995 due to protests against Shell and the Nigerian government. The widows believe that Shell was complicit in the execution of 'the Ogoni 9'. The widows allege that Shell financed and supported the military force that was used against the Ogoni 9 at the time. Shell denies any form of involvement in the case. In May 2019 the court district in the Hague ruled that the court case could be heard in the Netherlands.

At Shell’s 2013 annual general meeting, share-holders urged the company to reconsider its operations in Alaska. Critics doubted the company’s ability to drill safely in the Arctic Ocean. Local Inuit communities backed these concerns, stating that oil spills could affect their food security.

In July 2012, residents living near the Prigorod-noye Production Complex - a liquefied natural gas plant with oil and gas export terminals - on Russia’s Sakhalin Island filed a complaint against Royal Dutch Shell claiming the company violated OECD Guidelines for Multinational Enterprises. The group's grievances included risks to public health, the food supply and the environment.

The Brazilian Ministry of Labour and several workers' associations filed a lawsuit against Shell Brazil and BASF in 2007. The plaintiffs alleged that Shell
and BASF were responsible for a spike in cancer rates among workers employed at, and residents living near the companies’ pesticide plant. Workers and residents suffered from increased rates of cancers and other severe health problems due to land and groundwater contamination around the plant. After 6 years of litigation, Shell and BASF were found guilty and ordered to pay the medical fees of all of its former employees and their families. The parties agreed on a final settlement of about €240 million in March 2013.

Environmental and climate impacts
Shell’s historical emissions and climate denialism
Shell’s scientists warned its board of directors already in 1988 about the threats of climate change in internal reports. A few years later, Shell released a film titled ‘Climate of Concern’, where it warned the world about anthropogenic climate change. The educational 28-minute film warned that the companies own products could lead to extreme weather, famines, floods and climate refugees. The film also noted that the ‘reality of climate change was endorsed by a uniquely broad consensus of scientists’ and that ‘action now is the only safe insurance’. Over the years, the film was forgotten and Shell went on to business as usual.

In October 1997 Shell entered the sustainable energy market and started the ‘Shell sustainable energy division’. However, in March 2009 Shell argued that renewable energy wasn’t profitable enough and ended its investments in solar, wind energy and hydrogen energy, continuing only with biofuels and capture and storage of CO2.

In those same years, Shell was one of the first to join the ‘Global Climate Coalition’, which contrary to what its name suggests, was an international lobbyist group of businesses that opposed action to reduce greenhouse gas emissions and publicly challenged the science behind global warming. The Global Climate Coalition was responsible for lobbying against international climate negotiations including the Kyoto protocol, undermining the scientific consensus on climate change and providing journalists with false information. After mounting pressure from environmental movements Shell withdrew from the coalition in 1998, but stayed in several other groups which oppose climate policy such as the American Petroleum Institute, the Western States Petroleum Association, the European Chemical Industry Council and the American Legislative Exchange Council.

A study conducted by the Climate Accountability Institute ranked Shell seventh in attributable worldwide carbon dioxide and methane emissions compared to global totals between 1965 and 2017.

Climate goals
By now Shell publicly acknowledges anthropogenic climate change and the important role that it has in the energy transition. Shell also claims to support the goals laid out in the Paris climate agreement. However, in the same statement it acknowledges that its current business plan is not aligned with the Paris temperature goals.

Oil Change International released a report in September 2020 concluding that none of the eight oil majors, which includes Shell, has a climate plan that is aligned with the 1.5 degrees temperature target of the Paris climate agreement. On the 10 criteria that are needed to be 1.5 degrees aligned, Shell scored zero.

Shell proudly announced its net-zero targets for 2050 and the company therefore claims to be ‘Paris Aligned’. However, taking a closer look reveals that Shell has only net-zero targets for its scope 1 and 2 emissions, which the company admits “covers less than 15% of the greenhouse gases associated with our energy products.” For the remaining 85% of Shell’s emissions, the so-called ‘scope 3’ emissions, Shell has intensity targets instead of absolute reduction targets. It aims to reduce the carbon intensity of its energy products by 30% in 2035 and by 65% by 2050 compared with 2016. This means that Shell can even increase its emissions if production increases faster than the reduction in carbon intensity, which is exactly what Oil Change International predicts could happen. Part of Shell’s strategy to reduce its carbon intensity is by adding renewable energy and tree planting to its portfolio, instead of making real cuts in greenhouse gas emissions.

At the moment Shell is being sued by Friends of the Earth Netherlands (Milieudefensie) for not aligning its business plan with the Paris climate agreement.

Arctic drilling
Shell has made headlines for its push to drill in Arctic waters. The company has spent approximately USD 7 billion since 2003, and it has yet to drill a single exploration well. Experts estimate that the Arctic contains 90 billion barrels of oil which the US Arctic ocean contains about 26 billion barrels. It is this region that Shell wanted to expand its operations into.

The Arctic Ocean, however, is also a remote and difficult place to operate. Weather conditions can be unpredictable. Ice can hinder movements and make spill response impossible. There is limited infrastructure and a demonstrated lack of basic scientific information about the ocean ecosystem. In addition, there are local residents, many of whom identify as Alaska Native, who depend on the oceans for their cultural identity and physical well-being.

The result of Shell’s push has been substantial controversy and litigation from Alaska Native and local government entities as well as local and national conservation organizations.

In addition, Shell has been beset by a series of mishaps and problems. The company lost control of its drill rig, the Kulluk, in difficult, but not unexpected, weather. The rig ran aground on December 31st, 2012, capping off a season of problems for the company. Shell also lost control of its other drilling vessel, the Noble Discoverer, and had a fire and was charged with violating safety and discharge requirements on that vessel. Shell has dry towed both the Kulluk and Discoverer to Asia for repairs. In addition, Shell violated the terms of its Clean Air Act permits, had its containment dome fail spectacularly when tested in calm waters, and is under investigation by several federal agencies. Together, these failures call into question Shell’s ability to operate in the Arctic.

In 2013, Shell received a USD 390,000 penalty related to the grounding of the Kulluk Drilling Platform in the Beaufort Sea, and environmental fines worth USD 710,000 from the EPA for the activities of their Noble Discoverer in the Chukchi Sea.
Shell also joined forces with Gazprom. In April 2013, following cooperation talks between President Putin and Dutch Prime Minister Mark Rutte, Gazprom signed a deal granting Shell a 33% share in its Arctic drilling projects. Despite these doubts and problems, Shell announced to resume drilling activities in July 2014, contracting Transocean Ltd.

Recently, Shell announced plans to resume offshore oil and gas exploration in the Arctic.

**Nigeria** Shell is largely responsible for the millions of barrels of oil spilled in Nigeria since the 1950’s. Re-current oil spills have brought disastrous consequences to inhabitants, wildlife, and the environment. Most of the leaks in the Niger Delta are due to poor maintenance (corrosion, worn-out materials, etc.) and inadequate security around the pipelines (which run uncovered through villages). Shell blames the majority of spills on sabotage by oil thieves. However, organizations like Amnesty International and Friends of the Earth International have concluded that Shell exaggerated and substantiated this claim through flawed internal investigations in order to skirt responsibility for spills.

On 30 January 2013, a Dutch judge ruled in favor of four Nigerian farmers and Friends of the Earth Netherlands in their joint case - lodged in 2008 - against Shell Nigeria and its parent company Royal Dutch Shell. The court found Shell guilty of negligence and ordered the company to compensate residents in one of three affected villages that suffered severe oil contamination due to its operations. However, the court failed to hold Royal Dutch Shell accountable for the actions of its subsidiary, Shell Nigeria, in two accompanying cases concerning affected communities. Friends of the Earth Netherlands filed appeals to these decisions in May 2013.

The Nigerian government uncovered evidence pointing to Eni and Shell’s involvement in a corruption scandal concerning their acquisition of the offshore OPL245 oil block. Currently, Shell and Eni are being sued over this corrupt USD 1.3 billion bribery and officials from Shell and Eni could go to prison for up to eight years. A Nigerian and an Italian have already been found guilty for international corruption in the OPL245 case. More lawsuits in the Netherlands and Italy will follow.

Shell promised to clean up part of the oil spills in the Niger Delta, but according to Amnesty International it never did.

**Other impacts**

As part of an ongoing crackdown on tax evasion, Indian authorities have sent notices to several multinational companies, including Shell, demanding they pay more taxes. Authorities claim the companies undervalued transactions ranging from share transfers to sales. In 2010, Shell was excluded from the Dow Jones Sustainability Index because of their continued oil pollution in Nigeria. Similarly, TRIODOS excluded Shell from their investments due to Shell’s ongoing human rights abuses in the region.

Shell has been involved in tax evasion, for which it uses Bermuda’s tax laws. It also pays no or next-to-zero in taxes in the Netherlands and the UK, despite being a British-Dutch oil company.

Shell spends at least USD 49 million a year on lobbying to block climate change policies.

**Governance**

**Updates**

**Financiers**

Several financial institutions have financed Shell in September 2018 with credit facilities totalling USD 8.8 billion, with a two year term (Shell International Finance Annual report 2018).

**Related Dodgy Deals**

**Projects**

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There are no projects active for Royal Dutch Shell now.

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