Shell’s Nigerian subsidiary agrees £55 million settlement with the Bodo community

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Shell’s Nigerian subsidiary, The Shell Petroleum Development Company of Nigeria Limited (SPDC), has today announced a £55 million settlement agreement with the Bodo community in respect of the two highly regrettable operational spills in 2008.

The £55 million settlement provides for an individual payment to each claimant who accepts the settlement agreement in compensation for losses arising from the spills, amounting to up to £35 million in total. The remaining £20 million payment will be made for the benefit of the Bodo community generally.

"From the outset, we’ve accepted responsibility for the two deeply regrettable operational spills in Bodo. We’ve always wanted to compensate the community fairly and we are pleased to have reached agreement," said Mutiu Sunmonu, Managing Director of SPDC.

"We are fully committed to the clean-up process being overseen by the former Netherlands’ Ambassador to Nigeria. Despite delays caused by divisions within the community, we are pleased that clean-up work will soon begin now that a plan has been agreed with the community.

"However, unless real action is taken to end the scourge of oil theft and illegal refining, which remains the main cause of environmental pollution and is the real tragedy of the Niger Delta, areas that are cleaned up will simply become re-impacted through these illegal activities.

"SPDC has made great efforts to raise awareness of the issue with the government of Nigeria, international bodies like the United Nations, the media, civil society and international non-governmental organisations (NGOs), and we will continue to play an active role in the search for solutions. We urge all those with influence, including Bodo community leaders and NGO groups, to support this effort."

Notes to editors

Background to the claims:

- In late 2008, two oil spills took place on the Bomu-Bonny Pipeline in Bodo. Both spills were caused by operational failure of the pipelines.
- As soon as the independent Joint Investigation Team had determined the cause, SPDC accepted responsibility for the two operational spills in Bodo.
- They were deeply regrettable operational accidents, and as in all cases of operational spills, SPDC acknowledged responsibility to pay compensation as required by Nigerian law.
- In 2011, members of the Bodo Community brought claims against SPDC in the UK for environmental pollution. The claimants are represented by a London law firm, Leigh Day & Co.
- Earlier settlement efforts failed mainly as a result of the grossly exaggerated nature of the claims, which at one stage exceeded £300 million. We wanted to compensate those who have been genuinely impacted by the spills; however, we could not do so at a level which rewarded those making false claims.
- We have now reached a settlement agreeable to ourselves and the community which, from our perspective, also factors in the costs and time which would have been incurred by both parties should a full trial have taken place later in the year.

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