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Message to the readers

By incorporating two additional elements, "Society" and "Economy," into "Moderate," the company's environment report published since 1993, we have prepared the "CSR(*) Report 2004," with which we report activities relating to "Sustainable development" and "Corporate social responsibility" currently promoted by the Showa Shell Sekiyu group.

This is our first edition as a CSR report and therefore, may leave a lot to be desired, but we sincerely hope we will be able to hear readers' impressions, opinions and critics to reflect them to our future activities, so please kindly send your frank opinions with the enclosed questionnaire sheet.

*CSR: Corporate Social Responsibility

1. Editorial policy

We purposefully used as many illustrations, photos and graphs as possible in this report to offer lucid, comprehensive presentations to the company's diverse stakeholders. In view of consideration for the environment and comprehensiveness as well as to minimize pages, we left out explanations on related technical areas, which tend to go deep and become too exhaustive, making them available on Showa Shell Sekiyu's websites. In each section, the URLs of websites of relevance are given, so please refer to them.

2. Period covered

The report covers the company's performance in the one-year period from January through December 2003 in principle except for some issues, for which their respective performance periods are stated specifically. The policies, initiatives, etc. stated in the report, however, cover activities in the first half of 2004 as well.

3. Scope covered

In principle, the report covers the Showa Shell Sekiyu group's activities and performance (for details, please see P13 "Definition and scope of group companies"). When a statement is applicable to a certain company, etc. only, a comment to that effect is made along with that statement.

Company profile (as of December, 2003)

Trade Name:	Showa Shell Sekiyu K.K.
English Name:	SHOWA SHELL SEKIYU K.K.
Head Office Location:	〒135-8074
	Daiba Frontier Bldg., 2-3-2, Daiba, Minato-ku, Tokyo
Date of Foundation:	Showa Shell Sekiyu K.K. was formed as a result of the merger in 1985 between Showa Oil Co., Ltd., established in 1942, and Shell Sekiyu K.K., established in 1900.
Paid-in Capital:	¥34,197,585,900
Financial Term:	Ending on December 31.
Number of Employees:	1,399
	http://www.showa-shell.co.jp/

MESSAGE FROM THE MANAGEMENT

Commitment to Sustainable Development

Meeting new challenges for further growth

For over a century Showa Shell Sekiyu has contributed to the development of the Japanese economy as a supplier of petroleum products. As a member of the Royal Dutch Shell Group, which has operations in over 145 countries around the world, we are at the forefront of measures to help resolve environmental issues, and ensure sustainability for corporations and society.

We place the highest priority on safety and compliance in all of our operations, factors we consider to be indispensable prerequisites for the Showa Shell Group in the course of achieving sustainable development. In 2003, there were unfortunately several major accidents and compliance violations in the Japanese petroleum industry. Rather than watching unconcernedly, to maintain our Group's standing as a superior corporate citizen we have ceaselessly sought improvements in our standards for operational safety and compliance with a strict ethical code. In the promotion of the Policies Regarding Safety, Health and Environmental Preservation that we have established, we have added "security" to the previous three focus areas of "health," "safety" and "environment," taking the first letter of each to form the HSSE Committee. The activities of this committee have also been strengthened.

The speed of change in the business environment is increasing, while at the same time the expectations and demands of the various stakeholders in our company are growing and becoming more complex. In April 2003 we launched a management reform program that would allow us to make management judgments and conduct business in a way that quickly and accurately responds to changes in the business environment, while at the same time build a corporate governance structure that would ensure management transparency for all stakeholders. We have also taken steps to implement a transparent and vibrant corporate structure, establishing an employee help line called "Voice of People," which provides a

means for employee opinions and proposals to be directly reflected in management, as well as creating an Employee Open Communication Committee as an umbrella organization for it.

While bolstering our internal structure, we have also created the Showa Shell Sekiyu Customer Service Center to aid our customers, and conducted surveys among our shareholders along with other proactive measures designed to reflect the opinions of stakeholders in the management of the company.

These measures, however, represent only part of our efforts. In order to increase awareness of our initiatives among stakeholders, we have established a CSR Working Team, a structure that cuts across division boundaries, and have revised the Environmental Report Moderate that we have published since 1993 to create the Corporate Social Responsibility (CSR) Report 2004. It is my hope that this report will enable you to gain a deeper understanding of the Showa Shell Sekiyu Group and its social and environmental initiatives. I would also like to invite you to respond to the report by sharing your opinions and suggestions for improvement with us.

Thank you for your continued support of Showa Shell Sekiyu.



Haruyuki Niimi
Chairman, Representative Director