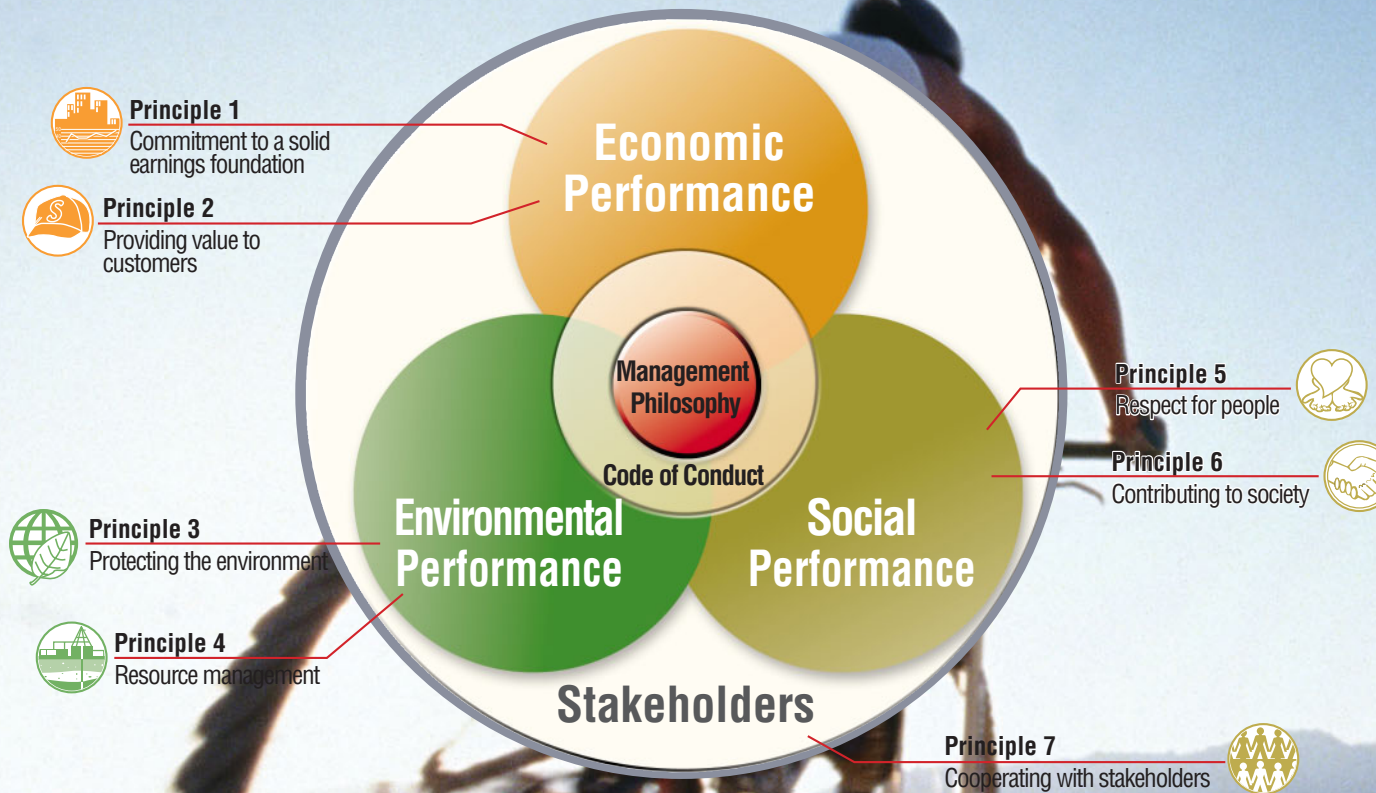


Commitment to Sustainable Development

The CSR Framework and Showa Shell major policies and measures

In order to achieve sustainable growth, the Showa Shell Group focus on its financial results in terms of profits and dividends. At the same time it must conduct business while duly aware of its environmental and social responsibilities. The Group has engaged all shareholders as well as consumers, customers, business partners, employees and society at large—in recognizing its responsibilities, to further mirror these voices to management as it strives to increase corporate value.

To achieve these goals, it is essential that the Showa Shell Group build a dynamic company with a solid earnings foundation.



Approach to Sustainable Development

The Seven Principles of Sustainable Development

The Seven Principles are the foundation of Showa Shell's efforts toward achieving sustainable development. Using the Seven Principles as a guide, Showa Shell is better able to:

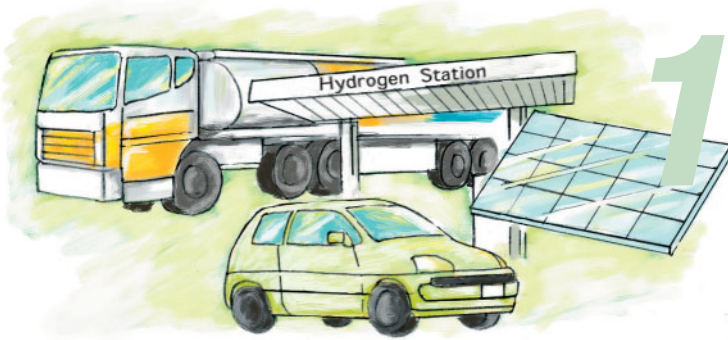
- Make management decisions that reflect consideration of all financial, environmental, and social responsibilities
- Maintain a balance between short-term priorities and medium- to long-term needs
- Solicit outside stakeholder opinions in management decisions

(Please see Page 6, Seven Principles for Sustainable Development.)



Commitment to Sustainable Development

Showa Shell's core business is supplying petroleum energy. As such, it believes it can make a contribution toward the sustainable development of society by fulfilling its responsibilities in the three following ways.



1 Rising to the Energy Supply Challenge

To Showa Shell, supplying energy does not simply mean providing a steady and economical supply of petroleum. The company must also rise to the challenge of meeting society's demand for environmentally friendly clean energy. Showa Shell can contribute to this area, for example, by supplying sulfur-free auto fuels, solar power, and hydrogen for future fuel-cell automobiles.

2 Improving Environmental Performance in Business Activities

Some of the company's contributions in this area are reducing emissions and wastes from group business activities, mitigating environmental impact, and promoting conservation of resources such as energy and water in the course of its business activities.



3 Improving Social Performance in Business Activities

One of Showa Shell's most important responsibilities as a petroleum company is to ensure the health and safety of customers, local community members, and employees of its group companies and business partners. Showa Shell aims to realize good business practices based on high ethical standards, ensure that its workplace environments help employees to reach their potential, and contribute to the local community through employment and tax payments.



By fulfilling these three commitments, Showa Shell strives to be a leader among companies.

Corporate Goals: *What It Means to Be a Leader among Companies*

● Continually Improving Shareholders' Return

We are committed to generating steady capital gains and consistently paying high dividends.

● Superior Quality in Our Businesses

We are working to ensure transparency in all our management activities, based on a customer-driven business model designed to achieve strong profitability and continuous growth.

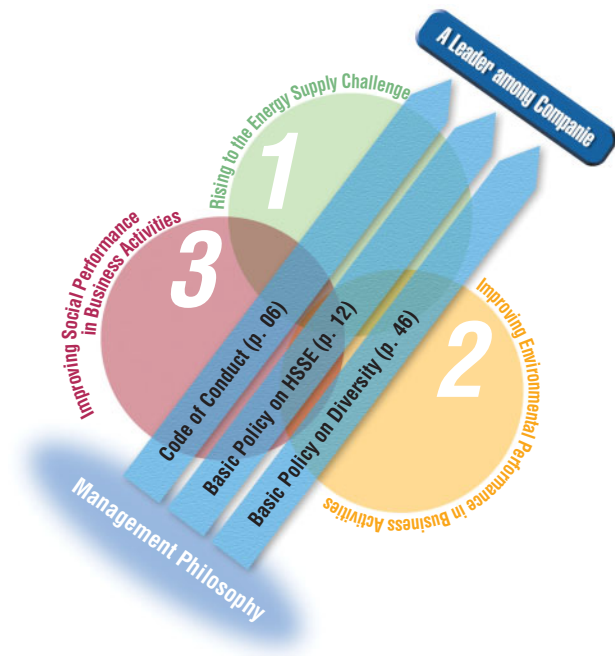
● Employee Pride and Satisfaction

While enabling all employees to make full use of their skills and evaluating and rewarding their performance accordingly, we are setting forth new challenges to encourage personal growth.

● Being a Responsible Member of Society

The Company's approach towards health, safety and environment (HSE) serves as a social benchmark, and the entire organization as well as each individual employee acts in a manner consistent with the Company's strong sense of corporate ethics.

■ **Commitment to Sustainable Development**



Management Philosophy: *Becoming a Leader among Companies Starts with a Clear Management Philosophy*

Showa Shell Sekiyu K.K. can only achieve a further leap and perpetual growth by constantly making its contribution to society, while securing reasonable profits and constructing a strong management base and sound corporate constitution. With this in mind, we set our corporate creed as follows:

1. We will always endeavor for a break-through or technological innovation with a spirit of customer first and for continual growth of the company, discharging our social responsibilities including environmental preservation, a stable supply of energy and operation safety.
2. We will implement Japanese-style management adaptable to changes at our own discretion and on our own responsibility, while maintaining close relationships with Shell group companies and cultivating our international business sense.
3. We will aim to achieve our corporate goals and form a group of positive people full of vitality associated with each other through a noble ideal and trust.
4. We will endeavor to improve productivity through an effort calling for everybody's participation for thinking and sweating together and construct an affluent future on the base of the company's unshakable footing.

(Established in 1985)



Commitment to Sustainable Development

Code of Conduct *: *Guide to Reflecting Management Philosophy in Day-to-Day Business Activities*

Showa Shell believes sustainable development can be achieved for both the company and society by fulfilling its responsibilities to customers, business partners, shareholders, the local community, and employees all stakeholders and winning their trust. The company's Code of Conduct details the company's responsibilities to its stakeholders and is outlined below.

Building a Corporate Culture to Support Sustainable Development

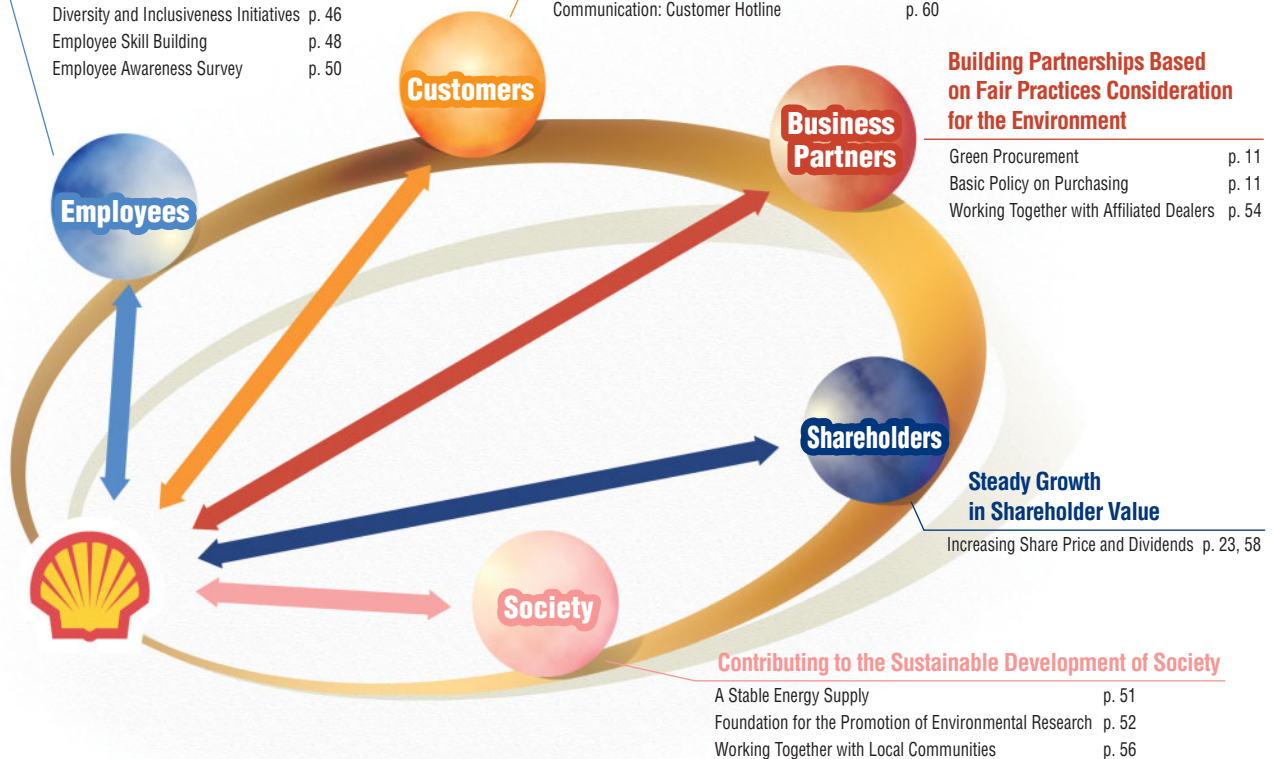
- Diversity and Inclusiveness Initiatives p. 46
- Employee Skill Building p. 48
- Employee Awareness Survey p. 50

Developing and Offering Products and Services with Value

- The Brand Customers Choose First p. 24
- Easy-to-Use Service Stations: Barrier-free Facilities p. 56
- Communication: Customer Hotline p. 60

Building Partnerships Based on Fair Practices Consideration for the Environment

- Green Procurement p. 11
- Basic Policy on Purchasing p. 11
- Working Together with Affiliated Dealers p. 54



• Responsibility to shareholders

To protect shareholders' investment, and provide an appropriate return.

• Responsibility to customers

To win and maintain customers by developing and providing products and services which offer value in terms of price, quality, safety and environmental impact, which are supported by technological, environmental and commercial expertise.

• Responsibility to employees

To respect the personalities and individuality of its employees, to provide its employees with safe conditions of work and good terms and conditions of service, to promote the development and best use of human talent and to encourage the full participation by its employees in their work and the application of these principles.

• Responsibility to contractors

To seek mutually beneficial relationships with contractors (including joint ventures) and to endeavour to promote the application of these principles in so doing. The degree to which these principles are promoted will be a consideration in the decision to enter into or remain in such relationships.

• Responsibility to society

To conduct business as a responsible member of society, to observe laws, to respect fundamental human rights and give proper regard to health, safety, security and the environment consistent with the aim of contributing to sustainable development.

* The Code of Conduct can be found in its entirety on page 66.

Principles for Sustainable Development

Economy

Principle 1: Development of a sound base for profit generation p.22



Profitability is essential to a sustainable future and contributes to prosperous society. We will endeavor to develop a sound base for profit generation through the increase of sales, the reduction of costs, gross profit improvement and effective management of working capitals.

Principle 2: Provision of customer value p.24



Without customers, our business will never be justified to exist. We are always aiming to win new customers from those who have not used our products or services yet, while we are endeavoring to enhance our relations with the existing customers.

We will answer to our customers' expectations by developing and offering products and services appearing attractive and innovative to them, endeavoring to surpass their expectations hopefully.

Environment

Principle 3: Environmental protection p.26



The natural environment is what supports every activity undertaken by mankind. We will continue our incessant efforts to find new approaches to mitigate environmental impacts from our business activities, products and services.

Principle 4: Resource management p.26



We can reduce the cost of our business activities and fulfill the needs of the future generations by effectively utilizing natural resources (for example, energy, soil and water). We will continue our incessant efforts to find better approaches to suppress the consumption of natural resources to necessary minimums.

Society

Principle 5: Respect for people and protection p.42



We aim to serve or receive all people with respect. We endeavor all the time not to do harm to people with our products, services or operations.

We will respect and find values in differences between individuals and in culture, and render active support so that people may demonstrate their potential abilities.

Principle 6: Contribution to society p.51



Irrespective of the place where we do our business, we are members of society. We will continue our incessant pursuit to develop appropriate means for contributing to the welfare of the local communities that accept our operations as well as society in general.

Principle 7: Collaboration with stakeholders p.54



We affect or are affected by our stakeholders, which consist of a large number of people from diverse tiers of society.

We will understand our stakeholders' interest in us, listen to their opinions and aim at meeting their expectations.