



Cooperating with Stakeholders

1. Working Together with Affiliated Dealers

Showa Shell Group distributes gasoline and other petroleum products to its customers through a nationwide network of approximately 700 affiliated dealers and 4,800 service stations.



In December 2004, affiliated dealer managers from throughout the country gathered for a Dealers Meeting in Tokyo. The theme was "Shifting to Dynamic Growth: Seeking New Growth Opportunities." Affiliated dealers are the most important business partners in carrying out Showa Shell's business strategy, and they share the Group's vision and direction.

Showa Shell service stations, the front line of the business, also feature two employee certification programs, the Showa Shell Royal Manager (SRM) Program and the Showa Shell Sekiyu Lubricant Expert Program. No other company has such programs, and recipients of these certificates are recognized throughout the petroleum industry as experts in their field.

■ Showa Shell/Royal Managers Certified

	Number Certified (as of end-May 2005)
SRM 1st Class	337
SRM 2nd Class	2,829
SRM 3rd Class	12,470

■ Showa Shell Certified Lubricant Experts

	Number Certified (as of end-Feb 2005)
Lubricant Expert 1st Class	257
Lubricant Expert 2nd Class	906



2. Collaboration with Business Partners



Showa Shell is also sponsoring workshops with individual business partners. The company is endeavoring to promote the most appropriate collaborations and build win-win relationships by offering value through supply chain management perspectives and value chain to customers.

The company sponsored a "Safe Delivery Campaign" in conjunction with partner delivery companies during the November 2004 through March 2005 busy season. The campaign featured a look-alike face drawing contest for the children of the truck drivers. The winning entry was made into a poster and distributed to all operational sites and became part of a campaign to prevent accidents and ensure safe deliveries.

① Tanker Truck Safe Delivery Measures

Greater Truck Driver-Service Station Cooperation

In the sales segment, major affiliated dealers sponsor periodic activities such as service station manager meetings and oil and car inspection training workshops as part of an effort to improve service station management.

Such service station manager meetings serve as an opportunity for information exchange between truck drivers and service station managers. HSSE is always an important topic for discussion, but eliminating truck delivery accidents has also become a topic.

While safety measures for tanker truck unloading have been taken such as promotion of independent unloading as well as equipment and operational improvements, communication between service station staff and truck drivers and the sharing of safety awareness are expected to further increase the level of safety.

Tank lorry are involved in many stages of operation from the time they arrive at service stations until the time they leave. Improvements may be made based on the wishes of both sides and exchanges of information.



3. Collaboration among Industry, Government, and Academia

① Collaboration Using Public Sector Assistance Funds

Showa Shell works together with the public sector. The company receives funding from the Japan Petroleum Energy Center (JPEC) and the New Energy and Industrial Technology Development Corporation (NEDO) for investment into energy-saving efforts at group refineries and research and development.

● Main Subsidized Projects



- Ariake Hydrogen Station (METI/Tokyo Metropolitan Government)
- Hydrogen Producing System Research and Development Project (JPEC)
- Fuel Cell Demonstration Test subsidy program of Mie Prefecture
- CIS-based Thin Film Solar Cell (NEDO)
- GTL Diesel Engine Development (NEDO)
- E3 Fuel Demonstration Test (JPEC)

② University Lecture Series

JPEC is committed to fostering workers who will be successful in the industrial, academic, and government worlds as well as promoting understanding of the energy industry, particularly the petroleum industry, among students. As such, it sponsors a series of lectures at various universities and graduate schools. Showa Shell participates in these activities by offering lectures at universities and graduate schools.

③ Internships

Showa Shell has sponsored an internship program from 2001 for the following purposes:

- To enable students to feel the excitement of working in the petroleum industry and Showa Shell through actual work experience.
- To develop ways of looking at and thinking about things through actual work experience and to develop a future plan and decide what to study in university.
- To encourage students to use their original ideas in work and provide opportunities to further enliven the company and revitalize employees' awareness.

■ Interns Accepted

	Total
2001	19
2002	20
2003	21
2004	19



④ International Contributions

The company supported an international exchange program held by the Center for International Youth Exchange and the International Youth Exchange Organization of Japan in July 2004. Twenty participants from 11 different countries attended the program with the theme, "International Companies and Society." The company lectured on an overview of the Royal Dutch/Shell Group and its management policy, as well as its social stance and brand strategy.





Cooperating with Stakeholders

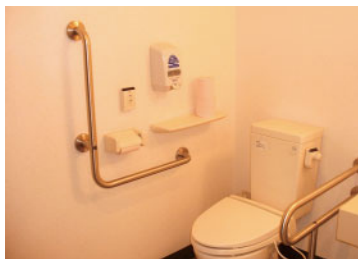
4. Working Together with Local Communities

Showa Shell works together with and contributes to communities through a variety of activities.

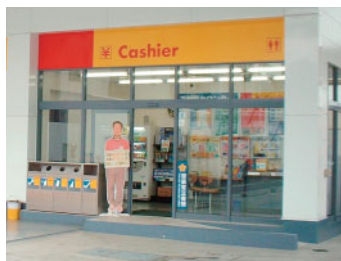
Showa Shell Sekiyu

- Winner of the Osaka Interactive Community Building Award

The Oikebashi Service Station, a self-service station in Ikuno Ward, Osaka, operated by Petrostar Kansai, won the Osaka Interactive Community Building Award. The award promotes community building for all, particularly the elderly and handicapped, and it recognized the Oikebashi Service Station for its barrier-free facilities, including wheelchair slopes and toilets. The company hopes to equip more service stations that will be trusted and supported by its customers.



Wheelchair-accessible sex-segregated toilets.



Entrance slope.

- The company invited students from elementary and junior high schools near its Odaiba Headquarters to the Energy Classroom over summer vacation in July and August 2004.



Working together to build a mini solar car.



Touring the Ariake Hydrogen Station near Showa Shell headquarters.

- The Tsurumi Ward Self Defense Fire Brigade Indoor Firefighting Meeting was held in September 2004 in Yokohama. Eighteen teams of experts representing companies in Tsurumi Ward entered the technical skill competition. Showa Shell's Yokohama team participated and was recognized for its results.



Group Refineries

Showa Shell's three refineries, which handle all group refining operations, are members of their respective communities. Workers participate in activities, such as firefighting drills and sporting events, to form stronger ties with the communities.

● Showa Yokkaichi Sekiyu Co., Ltd.

○ First Suzukagawa Clean Challenge

Approximately 750 residents, businesses, and the local government got together for the First Suzukagawa Clean Challenge, and the event was a big success. A total of 160 employees from Showa Yokkaichi Sekiyu and cooperating companies participated and made a contribution to improving the environment and building trust in the community.



○ Sponsorship of New Mix Wheelchair Tennis Yokkaichi Tournament



● Seibu Oil Co., Ltd.

- Sponsorship of Seibu Sekiyu Cup Kids Baseball Tournament
- Visits to elderly homes and children's activity centers (Japanese traditional lion dance, music)
- Beach cleanup, Motoyamamisaki Beach
- Road cleanup, areas around refineries (twice/year)
- Participation in community fire drills Sekiyu and cooperating companies participated and made a contribution to improving the environment and building trust in the community.



● Toa Oil Co., Ltd.

- Community Information Exchange and Fellowship
 - Shiohama 3-chome: July, August, December 2004
 - Shiohama: August, December 2004
 - Ohgimachi: July, August 2004
 - Yotsuya: August, December 2004
- Volunteer Activities
 - 5S Activity (Cleaning the neighborhood): June, September, December 2004
 - Blood donation: February, September 2004



○ Environmental Report Explanatory Meeting

- October 2004: Kawasaki Civic Forum
- October 2004: Complex Laborers Communication Group
- October 2004: Let's Rid Kawasaki of Pollution Group
- November 2004: Kawasaki Victims of Pollution and Families Group



Cooperating with Stakeholders

5. Working with Shareholders

① Steady Growth in Shareholder Value

● **Becoming a more attractive company for individual shareholders**

The company has implemented the measures listed below in order to realize an appropriate share price structure through improved stock market liquidity and stable shareholder structure, as well as higher corporate and brand value through encouraging shareholders to be loyal customers of Showa Shell and stronger monitoring functions.

■ **Actual Results**

○ Steady Dividends Increases

2000	2001	2002	2003	2004	2005
¥15	¥20	¥25	¥25	¥30	¥35(*) (Planned)

* Includes ¥5 special dividend

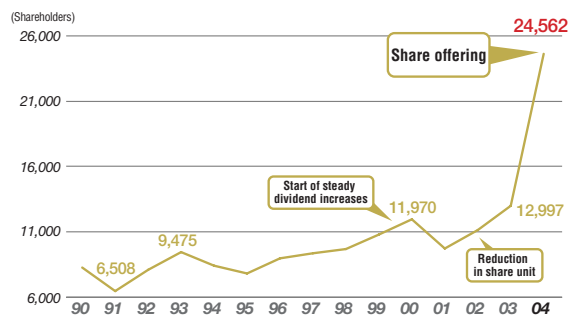
- Introduction of General Shareholders Meeting voting via internet (Starting from March 2002 91st Ordinary General Shareholders Meeting)
- Reduction in share unit: 1,000 shares to 100 shares (October 2002)
- Trial implementation of Shareholder Special Benefit Plan (2003 interim period)
- Shareholder survey (2003 interim period)

② Change in Shareholder Structure

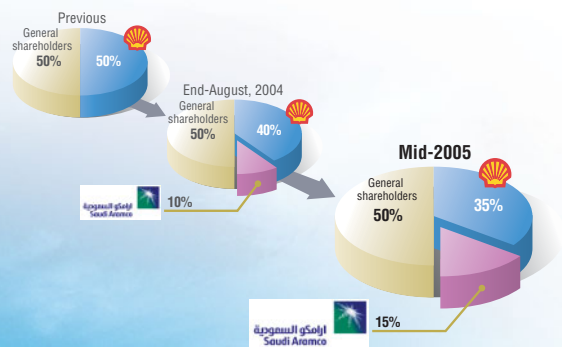
Showa Shell's shareholder composition shifted dramatically last year. In addition to being a part of the global giant Royal Dutch/Shell Group, Showa Shell also formed a new partnership with Saudi Aramco, the national oil company of Saudi Arabia, the world's biggest oil producer. This is a significant change for both business operations as well as corporate governance.

Further, the number of shareholders, especially individual shareholders, increased dramatically with December's share offering and market liquidity improved. Further share transfers will be completed this year, and the new shareholder composition will be: Royal Dutch/Shell Group approximately 35%, Saudi Aramco approximately 15%, and general shareholders 50%.

■ Increase in Number of Shareholders (1990-2004)



■ Royal Dutch/Shell Group-Saudi Aramco Share Transfer



Communication

Developing a Corporate Message

With increased interest in CSR and a more competitive world, the time when a company could succeed only on the merits of a good name is gone. Now, how a company can offer value and its role in relation to society are important factors in determining its value.

Showa Shell believes that will realize ongoing corporate development by gaining the trust of its stakeholders over the long term, and by being the company of choice for its customers. 2005, the 20th year since the company's merger, will be the year of a "New Foundation," and the company will strive for even more changes and for greater value. Showa Shell has developed a new corporate message in hopes

that its stakeholders will better understand its efforts and consistent corporate image.

Zutto Hashirou, Shell to Hashirou

This corporate message expresses the hope that Showa Shell, through its everyday activities, will gain the trust from stakeholders such as customers for a long time to come. The company further hopes that it will make a move to the future with stakeholders as a company of the first choice.



Showa Shell, to be a company trusted by its customers

We make a promise

For a future with energy. For a rich, human future.

*To reach this future, we promise to keep creating
New products and services.*

We make a promise

*That we will be responsible for energizing life and society.
And for energizing human emotion.*

We have the energy.

*To continue the stable supply that has won us trust for so many years.
To research next generation energy to balance environment and performance.
To think through our customer's needs and to offer high quality services.*

That's why

*We make a promise our customers
That we will be richer in energy than any other company,
And that together with our customers, we will keep moving into the future.*

ずっと走ろう。シェルと走ろう。

昭和シェル石油



Cooperating with Stakeholders

6. Communication

① A New Customer Hotline

In February 2005, the Showa Shell Customer Hotline was reborn, combining what had been three separate customer call lines. The three lines had previously been the Customer Hotline, Dial X (for credit card inquiries), and Shell Contact Center (for car inspections and repairs).

The new Hotline improves communication with customers. The company plans to use crucial customer input for future product development and service improvements.

The number of customer inquiries is rising. In 2004, the company received 2,554 inquiries, up from 2,312 in 2003. Customer inquiries are anticipated to increase even further with the new system.

Main Inquiry Information

○ General Inquiries

Showa Shell Customer Hotline : **0120-89-15-46**

Following the voice prompts, please select one of the following

1# Questions regarding the Showa Shell Credit Card

2# Questions regarding Shell Car Inspection/Shell Repair

3# Questions regarding service stations/Fuel

○ Lubricants/Grease Products

Lube Customer Service Center : 0120-064-315

○ Automobile Lubricants (Shell Helix)

Helix Hotline : 0120-064-315

(Push "4" after voice prompt)

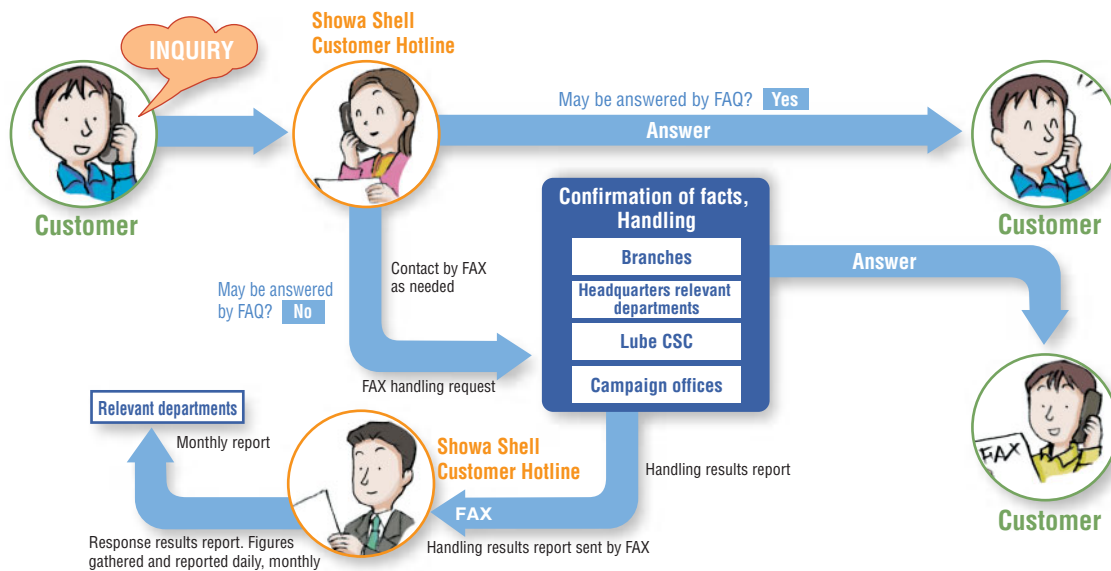
○ Employment Inquiries

Human Resources Division : 0120-314-033

○ Solar Cell Inquiries

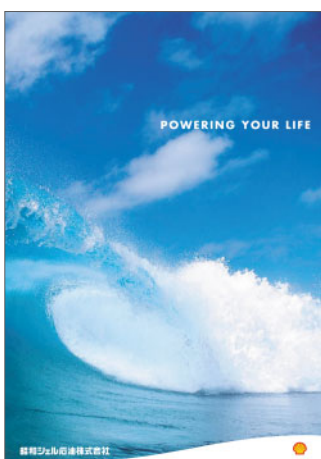
Shell Solar Japan Ltd. : 0120-55-8983

■ Customer Hotline Flowchart



② Informing Society

Showa Shell offers the following publications so that its stakeholders will gain a better understanding of the company and its activities. Most of these publications are available at the company's website.



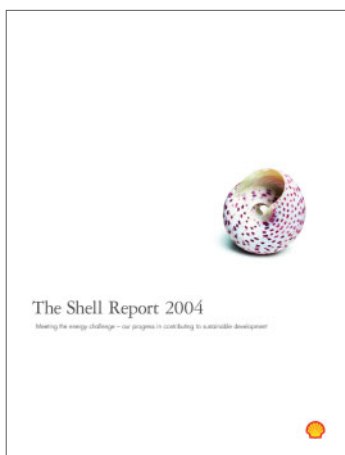
● Corporate Brochure,
POWERING YOUR LIFE
<http://www.showa-shell.co.jp/profile>



● Annual Report 2004
<http://www.showa-shell.co.jp/ir/annual>



● Fact Book 2004
<http://www.showa-shell.co.jp/ir/factbook>



● *The Shell Report 2004*
<http://www.shell.co.jp/index.html>



● Environmental magazine,
Quality

● The Shell Museum

Located on the first floor of the headquarters building, the Shell Museum features exhibits and events on motor sports supported by the Royal Dutch/Shell Group as well as on the company's environmental activities. The Museum has sponsored F1 exhibits and events featuring F1 racers, and has become very popular among motor sport fans and their families.

The Museum also features a souvenir shop and café, and is a pleasant place to visit in Odaiba, Tokyo.

