

Management Structure

Compliance

The Employee Open Committee and the Voice of the People (VOP)

The All-Employees' Committee established the VOP, a consultation service, as part of its effort to energize in-house communication. The VOP asks for constructive opinions and proposals for ways to improve employee compliance with the code of conduct and to resolve problems and concerns with personnel actions and the workplace environment. These opinions and proposals can then be reflected in management practices. The VOP has worked to find appropriate resolutions for the 21 opinions, proposals, and concerns it has received.

Showa Shell is encouraging employees to help make the VOP more effective by offering their feedback, particularly employees from those of its consolidated and non-consolidated subsidiaries in which the company's percentage of ownership is particularly high.

	Number of proposals	Number of consultations
2003	4	0
2004	5	3
2005	7	2

Training Promotional Activities

Showa Shell takes every opportunity to ensure compliance with the Code of Conduct, by distributing small booklets and messages from top management to all employees. Commentary on the Code of Conduct is posted on the company intranet in order to strengthen understanding and

awareness, and the company thoroughly explains the processes that led to the establishment and content of the Code of Conduct, through such activities as new employee education, new management training, corporate legal training, and training in the Anti-monopoly Act training.

Free and Fair Competition (Compliance with the Antimonopoly Act and other laws and regulations related to competition)

At the order of the director in charge of the Code of Conduct, in 2004, a companywide inspection of all operations affected by laws and regulations relating to free and fair competition was carried out. To strengthen compliance, education and training was held in 2005 for departments connected with marketing and other divisions with a particularly strong connection with competition.

	Training courses	Attendees (Total)	(Area and branch office training course attendees)
2000	29	559	243
2001	26	474	231
2002	27	505	222
2003	26	572	210
2004	59	1,368	274
2005	48	951	236
Total	215	4,429	1,416

Response to the Personal Information Protection Law

Showa Shell put forth its Basic Policy for Personal Information Protection and Personal Information Management Regulations in response to the Personal Information Protection Law which came into effect in April 2005. The company designated a director in charge of personal information protection and employees in charge of managing personal information in relevant departments. Showa Shell has made information on the Personal Information Protection Law accessible online to all

employees, as well as distributed booklets on the subject. At its subsidiaries and affiliates, Showa Shell is introducing measures for compliance with the Personal Information Protection Law, and is supporting the implementation of compliance systems at each company. The company has also distributed guidelines and guidebooks for dealers in which Showa Shell has invested and the service stations that may handle personal information, and is ensuring compliance with these guidelines.

Business Control Checklist

Showa Shell has a "Business Control Checklist" covering items such as business control structure, business risk, and responses to these issues. In addition, accounting, finance, credit management, futures transactions, information management, and information systems are covered in the Checklist. All directors, executive officers, section chiefs,

area managers, department heads, and consolidated subsidiary representative directors must complete a self-evaluation of their compliance and management of these matters every year. The results are then reported to the Board of Directors.