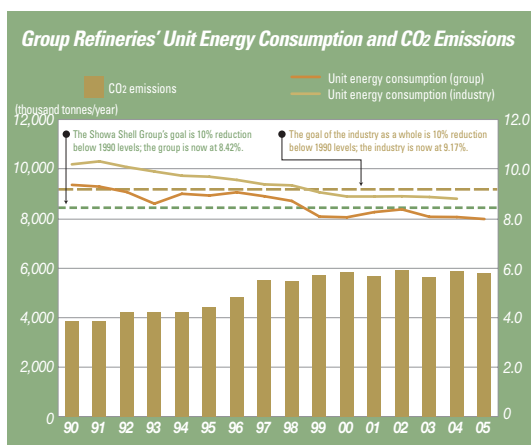


Global Warming Countermeasures

Unit Energy Consumption Rate and CO₂ Emissions

Showa Shell refineries, which account for approximately 85% of the group's effluents, consume energy in the refining process and emit CO₂, a greenhouse gas. Showa Shell is thus not only concerned with economic benefits but also environmental protection in its ongoing efforts to develop more efficient petroleum refining equipment. Group refineries are always seeking to improve energy efficiency by introducing upgraded machinery, exhaust heat recovery equipment, and energy-conserving operation support systems. The Showa Shell Group uses unit energy consumption as a measure of CO₂ emissions at its oil refineries, and is making steady progress in heightening the efficiency of its energy usage as well as reducing energy consumption. A target has been set to reduce unit energy consumption by 10% in comparison with 1990 levels by 2010. This target has already been reached and is being maintained, and the company is working toward further reductions.



*1. The CO₂ emissions volume from an IPP facility that started operations in June 2003 has been revised using the Greenhouse Gases Emissions Measurement Methods Guidelines.

*2. Unit energy consumption (%) (fuel [kl]/feedstock [thousand kl]): the crude-oil equivalent of energy fuel (fuel oil, fuel gas, and electricity) consumed in a refinery to process 1,000 kl of feedstock. Indicates efficiency of energy use; lower figures indicate higher efficiency.

Preserving the Natural Environment

Showa Shell carries out an environmental assessment before embarking on any large-scale developments or facility construction. The assessment gauges the project's foreseen impact on the environment, and engages both public and local private entities in an effort to minimize such impacts.

Showa Shell plans to standardize each of its group companies' efforts to protect the natural environment, and

is moving toward introducing the Environmental Standard, one of the Shell Group's standards. The Environmental Standard would clearly list regulations such as a ban on usage of ozone-destroying substances and halon-containing products, and requirements for environmental impact monitoring at facilities such as operational sites. The Environmental Standard is presently being introduced at all Shell Group companies around the world.

Preserving Biodiversity

Biodiversity is a property of the entire system in which life on earth has evolved into different species in accordance with their varied habitats over millions of years. Those species form diverse living organisms that are also dependent on each other. Biodiversity is an important mechanism of nature that is essential for the existence of humankind.

However, humankind's recent industrial activities now endanger the biodiversity system.

Activities such as landfills that erode tidelands, deforestation projects that endanger natural habitats, and capture of wild animals and plants for commercial use all threaten earth's biodiversity.

Protecting biodiversity is important to the Shell Group, which established its own Biodiversity Standards in 1999. Showa Shell works hard to protect biodiversity and is working toward creating an internal company structure to achieve its objectives.