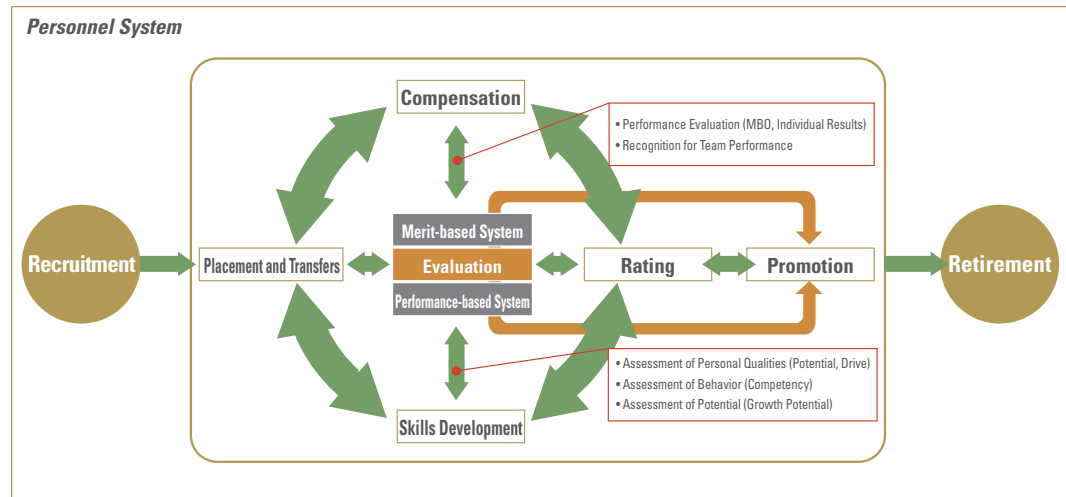




Respect for People

Personnel System and Training



Outline of System

- **Human Resources and Leadership: Critical Management Issues**
Showa Shell regards human resources and leadership as critical management issues; they are the core of its management strategy. The company has created the following vision of human resources based on that strategy, and is striving to realize it.

Vision of Human Resources
Create a corporate culture that enables the company's continued development and motivates all employees

Other Personnel Systems:

- **Recognizing Team Performance**

A Team Performance Award has been established to create an environment that will improve overall team motivation to achieve goals and further contribute to better results for the company. A team is considered to be any group organized for specific operations such as cross-department project teams or teams within a set organization (departments or sections).

- **Choice of Retirement Pay or Pension**

Employees may elect to receive their retirement pay or pension in advance in the form of incremental annual bonuses. This system is designed to meet the varying needs of individual employees and allow for their greater independence.

- **Open Resources**

The Open Resources System has been established to allow for human resource exchanges among Showa Shell Group companies. The system is designed to allow employees to fully exercise their own drive and skills, in order to achieve self-realization, and for further activation of the company.

- **Personnel and Evaluation Systems**

Based on the personnel management idea as described in Vision of Human Resources, Showa Shell has developed the personnel system shown in the diagram above and is committed to making the most of its advantages. The company has introduced the system not only to strengthen human resources and leadership but also to contribute to raising employees' motivation and to promote recognition based on results and merit.

Human Resource Development

● **Personnel System and Competencies**

Showa Shell recognizes that employees grow through their work. The company is thus committed to systematically and effectively developing professionals in all fields by offering opportunities for growth and putting together skills development and evaluation systems. The company also encourages independent thinking among its employees, who will be in even greater demand in coming years, by respecting their individuality and their drive.

Specifically, the company offers employees opportunities to display their new skills through appropriate personnel placements or transfers. It develops proficiencies through on-the-job and off-the-job training based on guidelines focused on each department's competencies (the variety of knowledge, skills, and procedures needed to boost a department's results). Skills development programs are conducted for employees with initiative and drive who want to polish their qualifications and boost their skills using on-the-job (instruction and training) and off-the-job (group



education and seminars) training as well as self-development efforts.

The details of competencies that each department requires of specific job positions are available to all employees, as are the schedules and content of the training.

● **Self-Development Leave**

Employees may take a leave of absence in order to develop their skills or contribute to society. This furthers the development of the company and society. In fiscal 2005, three employees took advantage of self-development leave.

