

Third-Party Opinion of the 2007 Showa Shell Sustainability Report



Environmental Journalist, Translator
Chairperson, Change Agent, Inc.
President, e's Inc.
Co-Chief Executive of NGO "Japan for Sustainability"
(JFS)

Junko Edahiro

Junko Edahiro is active in a wide range of fields. She gives lectures, writes, and translates works related to environmental issues, and provides facilitation and consultation on systems thinking and innovative skills for companies and other organizations.

Appropriately named, "Energy Challenge," this report provides information that shows the company is sincerely committed to responding to global energy issues. The report explains the company's concepts and activities in a global context, and is easily understandable throughout.

In addition, the report demonstrates that the company's top management fully understands the meaning of sustainability as it applies to the company, readily admits it is no easy matter, and yet clearly strives to achieve it. The publication discusses the company's current programs, and, representing its sincere commitment, is worthy of its title.

The report strongly presents the company's dedication to becoming an energy enterprise, and not remaining just an oil company. Showa Shell is tackling energy-related challenges head-on, beginning with the depreciation of resources, global warming, and other environmental issues. I look forward to the further development of these efforts. For the sake of further improvement in the future, it is desirable to separate explanations of systems from reports on their operational status. For instance, the existence of a governance system is one thing, but exercising governance on the basis of a strong system foundation is another. Rather than merely explaining the system, the report should discuss its current functioning, how the company regards its current status, and how it sees its future. In other words, the PDCA cycle should be applied to the governance system itself.

In the same way, with regard to the prevention of atmospheric and water pollution, it would be best to discuss the company's policies and their current status, perceptions of the current status of the company, activities conducted and their outcomes and successes, and plans for future activities.

The publication should report on activities connected with employees as stakeholders, and the results of opinion gathering, training, and employee awareness surveys. It should discuss the company's interpretation of these results, and how they will be linked to future steps.

Let me also suggest a few items that should be added to this report. First, as one of the company's measures to reduce global warming, it should seek to reduce carbon dioxide emissions, not only in terms of energy consumption per unit of specific productivity, but also in terms of total volume. The fact is, global warming is worsened not by emissions per unit of productivity, but by total volume of emissions.

Next, I would recommend reporting the company's policies on the recruiting of female employees and the current status of employment of women, and mention concrete actions in this regard. Further, the economic dimension of CSR should also be covered in this report. This is not to be confused with a financial results report. This report should discuss contributions to regional economies and support for the economic independence of the underprivileged.

This report is prepared for the sake of communication with stakeholders, yet it does not inform us specifically of the current status of communications with stakeholders, what the company has learned from that, or what the company's thinking will be in the future. It is vital to report on PDCA with regard to communications with the public.

Lastly, I believe you should discuss the company's vision for itself in 20 or 30 years, and present a roadmap for getting there. This yearly report is a strong PDCA tool for confirming progress toward that vision.

I have great expectations for the future of this effort.

Response to the Third-Party Opinion



President, Representative Director
Yasuo Murayama

We will carefully consider the valuable opinions and suggestions we have received from Ms. Edahiro. These will be very useful in the preparation of our next sustainability report, allowing us to more clearly explain the measures that Showa Shell is taking to achieve sustainability, and thereby promote a deeper understanding on the part of stakeholders.

Showa Shell strives to be useful to customers of all generations. To this end, we pursue not just short-term and medium-term economic efficiency, but also corporate activities that contribute to our customers' quality of life over the long term. The opinions and suggestions that we gather through the questionnaire survey included as an insert with this report will be reflected in our future business activities and reports. We pledge to intensify our efforts to realize a sustainable society.