

# Achievements and Targets of Sustainability-Oriented Programs

We have compiled the main programs and activities pursued by the Showa Shell Group in 2007, and the issues the Group will face in the future. In the future, we will resolve these issues through the execution of planned sustainability-oriented activities.

Area	Theme (Basic Stance; Objectives)	Pages
The Energy Challenge		
Securing stable energy supplies	Fulfill the company's responsibility to supply Japan's energy needs, based on secure and stable procurement of energy, even as expanding demand for energy and soaring prices for crude oil bring worldwide changes to the energy environment.	p.12-13
Reducing adverse environmental impact	Practice environmental management as expected. Move forward with environmental protection measures, including the reduction of CO2 emissions at all stages of the supply chain, from crude oil procurement to retail sales at service stations.	p.14-19
Developing new energy sources and environmentally friendly products	Move forward with the development of solar batteries, fuel cells, and other new energy sources with high quality and low environmental impact, and of environmentally friendly petroleum products.	p.20-24
Cooperation with Stakeholders		
Together with shareholders	Practice the disclosure of information through various media and host numerous IR events, to foster better understanding of our corporate activities by stakeholders, we will practice	p.26-27
Together with customers	Move forward with the development of retail outlets that meet the differing needs of customers in each region, and offer high-added-value products and services.	p.28-29
Together with business partners	Promote cooperation with the Group's affiliated dealers, client firms, suppliers, subsidiaries, and affiliates to ascertaining the needs of our customers and offer them the best possible services.	p.30-31
Together with employees	Ensure diversity in hiring, strive to create a congenial workplace environment, and improve personnel systems to maintain employee motivation and render it capable of achieving decisive successes.	p.32-35
Together with society	Not confining its efforts to environmental countermeasures that directly bear on its business operations, the company, as a corporate citizen, is engaged in cultural activities and the education of the next generation, as well as a number of other social contribution activities.	p.36-39
CSR Promotion System		
Health, Safety, Security, and Environmental Management System (HSSE-MS)	Comprehensively manage risks and improve performance in the areas of health, safety, security, and the environment by implementing HSSE-MS.	p.40-45
Corporate governance and internal controls	Build an optimum governance structure capable of responding to changes in the social and legal environments to achieve further improvements in management transparency and reliability, while establishing internal control systems with autonomous monitoring capabilities.	p.46-47

Major Accomplishments in 2007	Significant Issues Faced
<ul style="list-style-type: none"> <li>o Pursued quality assurance activities in the supply chain.</li> <li>o Implemented thoroughgoing programs to improve the reliability of refineries.</li> </ul>	<ul style="list-style-type: none"> <li>o Implementing thorough safety and quality assurance programs in the supply chain.</li> <li>o Achieving completely stable operation of refineries.</li> </ul>
<ul style="list-style-type: none"> <li>o Achieved unit energy consumption of 8.03 (a reduction of 1% from the previous fiscal year) at Group refineries.</li> <li>o Developed an action plan for reducing the volume of industrial waste consigned to final disposal at Group refineries to less than 1% (zero emissions).</li> <li>o Commenced studies of soil contamination countermeasures utilizing the company's proprietary monitoring well.</li> </ul>	<ul style="list-style-type: none"> <li>o Tightening energy conservation measures to reduce unit energy consumption at Group refineries to 8.02 by 2010.</li> <li>o Achieving zero emissions of waste and continuing other efforts to reduce environmental pollutants.</li> <li>o Taking addition steps toward the use of large trucks and tankers.</li> <li>o Reducing the volume of industrial waste consigned for final disposal by 95% (compared to 1990 levels) by 2010.</li> </ul>
<ul style="list-style-type: none"> <li>o Began commercial production of CIS solar powered cells at Plant #1.</li> <li>o Began a pilot distribution operation of bio-gasoline.</li> <li>o The Ariake Hydrogen Station reached the milestone of 2,000 automobiles serviced (As of January).</li> </ul>	<ul style="list-style-type: none"> <li>o Expanding the manufacturing of CIS solar powered cells.</li> <li>o Expanding a pilot bio-gasoline distribution operation.</li> <li>o Stepping up research and development into practical applications for fuel cells and FTD fuel.</li> </ul>
<ul style="list-style-type: none"> <li>o Expanded disclosure in our annual report and other publications.</li> <li>o Expanded disclosure on our Web site.</li> <li>o Conducted surveys of shareholders</li> </ul>	<ul style="list-style-type: none"> <li>o Strengthening the fair and timely disclosure of information through improvements to our communication media.</li> <li>o Expanding interactive communications using our Web site's feedback manager and our Customer Hotline.</li> <li>o Increasingly reflecting shareholder opinions, gathered at the general meeting of shareholders and various IR events, in management policies.</li> </ul>
<ul style="list-style-type: none"> <li>o Increased the convenience and added value of service stations by shifting to self-service.</li> <li>o Promoted development of new types of service stations.</li> <li>o Developed disaster-proof service stations.</li> </ul>	<ul style="list-style-type: none"> <li>o Accelerating the deployment of new types of service station.</li> <li>o Moving forward with the development of disaster-proof service stations, and with the enhancement of safety facilities and equipment.</li> <li>o Expanding the Customer Hotline service.</li> </ul>
<ul style="list-style-type: none"> <li>o Held the 2007 Dealers' Meeting.</li> <li>o Operated National Showa Shell Gas Associations, Kojunkai, and Showa Shell Sky Club.</li> <li>o Moved forward with human resources development programs for dealers , including the Showa Shell Royal Manager Program.</li> </ul>	<ul style="list-style-type: none"> <li>o Implementing safety conferences and zero-accident campaigns at business partners and operational sites.</li> <li>o Increasing participation in eco-programs within the Group.</li> </ul>
<ul style="list-style-type: none"> <li>o Received the Next Generation Certification Mark (known as the Kurumin) from the Director-General of the Tokyo Labour Bureau.</li> <li>o Improved workplace atmosphere using the Employee Awareness Survey.</li> <li>o Increased percentage of women among new graduate hires to 50.8%.</li> </ul>	<ul style="list-style-type: none"> <li>o Strengthening support systems for employees who care for children, the elderly, or the infirm.</li> <li>o Introducing a community service leave system and improving the short-time service system.</li> <li>o Improving systems to ensure diversity in hiring, and developing the careers and skills of employees.</li> <li>o Strengthening programs to prevent mental illness.</li> </ul>
<ul style="list-style-type: none"> <li>o Conducted the third Environmental Photo Contest, participated in the Project for the Reforestation of Mt. Fuji, and engaged in other environmental protection programs.</li> <li>o Held educational events, including annual Christmas Lectures on science and Environmental Classes.</li> <li>o Sponsored the Shell Art Award and otherwise supported the arts.</li> </ul>	<ul style="list-style-type: none"> <li>o Stepping up efforts to broaden environmental protection programs.</li> <li>o Creating educational opportunities for the next generation, and broadening their scope.</li> <li>o Improving communication with stakeholders and expanding the scope of cooperation.</li> </ul>
<ul style="list-style-type: none"> <li>o Held the Quality First 2007 companywide campaign to improve quality assurance activities.</li> <li>o Implemented the HSSE Priority Strategy Action Plan.</li> <li>o Continued to hold HSSE site visits by executives.</li> </ul>	<ul style="list-style-type: none"> <li>o Reducing the number of work-related accidents and quality accidents through the Safety &amp; Quality First 2008 campaign.</li> <li>o Continuing to follow the HSSE Priority Strategy Action Plan.</li> <li>o Continuing to hold HSSE site visits by executives.</li> </ul>
<ul style="list-style-type: none"> <li>o Established the Voice of the People (VOP) within the company to help reflect the opinions of Group employees in management policies.</li> <li>o Held training on antitrust laws to strengthen compliance systems.</li> <li>o Implemented an optimal information disclosure system through the work of the Disclosure Sub-Committee.</li> </ul>	<ul style="list-style-type: none"> <li>o Further improving internal control systems.</li> <li>o Further heightening awareness of compliance issues.</li> <li>o Improving the utilization of the risk-management system.</li> </ul>