

## ■ CSR Initiatives

We undertake management of the Showa Shell Group always keeping in mind our corporate responsibility as a member of society. Our social responsibilities range from the stable supply of energy to more direct corporate social responsibility initiatives. In particular, we focus on environmental issues and undertake a variety of activities in an effort to accelerate the realization of a society that gives priority to sustainable environmental protection.

### Management Philosophy and Basic Policies

Showa Shell recognizes that the sustainable growth of the Company not only depends upon economic factors such as earnings and dividends, but also requires a management approach that shows due care for the environment and community. By maintaining an open line of communication with stakeholders including shareholders, consumers, customers, business partners, employees and the community, Showa Shell is committed to affirming its responsibilities as a corporation and reflecting the input of stakeholders in management decisions, as well as to boosting its corporate value.

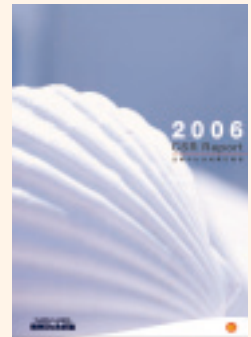
The Company also recognizes that no company can raise its enterprise value without possessing a sound earnings structure.

Showa Shell's approach to achieving sustainable growth is outlined in its Management Philosophy and Corporate Goals, while its business activities are guided by the Code of Conduct in existence since 1997. (For more information, see p. 34.)

### CSR Report

To further raise the recognition of the Company's CSR initiatives among stakeholders, Showa Shell published its first *CSR Report* in 2005, which incorporates two additional elements, "Society" and "Economy," into *Moderate*, the Company's environmental report published since 1993. For more information on our CSR initiatives, please read the *CSR Report 2006*, on our website.

<http://www.showa-shell.co.jp/society/csr/index.html>



### Environment Photo Contest

From 2005, we launched the "Environment Photo Contest." This requires the submission of photos showing local scenery that have a visual effect in raising consciousness with regard to environmental preservation. Our hope is that this event will serve as a first step toward the creation of a nationwide grassroots movement aimed at the resolution of environmental issues, realized through the planning and initiative of individuals. The second such photo contest was held in 2006, drawing a total of 1,727 submissions. The contest was divided into two categories (a junior participants' division, and a general citizens' division), with a total of 68 winners. The award ceremony was held on October 29, 2006. The photo contest will be held again this year.



Winner in the Junior Participants' Division in the Second Environmental Photo Contest: Haruka Anbai (Hokkaido) for the photo entitled "Indigenous Species and Foreign Species."

### Shell Art Award

The Shell Art Award has long been a springboard for Japan's young artists, and is widely known in the art world. Since its establishment in 1956, the prize has been awarded 35 times. The system relies entirely on public submissions, with the aim of discovering young artists who are likely to be outstanding figures among the next generation.

In 2006, the grand-prize winner was Hiroki Tanaka's "Spring Thunder" (see photo), and 42 winners of lesser awards from 1,357 works entered.

We plan to continue offering philanthropic support in the arts in Japan through the sponsorship of the Shell Art Award, with the aim of contributing to the discovery of new talent.

