

"SAFETY AND QUALITY FIRST 2008" GROUP-WIDE SAFETY AND QUALITY IMPROVEMENT INITIATIVE

To provide customers with reliable quality and safety, Showa Shell is engaged in a group-wide initiative to ingrain the concepts of stability of supply and quality improvement at the Showa Shell Sekiyu Group, including its affiliated dealers and subsidiaries. Following the campaign conducted in 2007, which we designated as the first year of a "New Era of Quality," from 2008 forward, we will carry out Safety & Quality First initiatives that incorporate efforts to ensure safety as well as quality.



Designating 2007 as the first year of a "New Era of Quality," Showa Shell has been carrying out a group-wide campaign including all related divisions in order to provide its customers with reliable quality and safety. Throughout the supply chain that leads from production to the sales and delivery of products to customers we have found problems regarding facilities, implemented thorough oil volume control and unloading observation, conducted cross-sectional training sessions, and made efforts to firmly establish a quality improvement system, including the strengthening of internal audits. Even in indirectly related areas, this campaign is leading to the steady strengthening of our quality improvement system through educational programs conducted during various training sessions, observation by the Finance Division of oil flow control at depots, the auditing of procurement source plants, and other efforts.

As for the ensuring of safety, last year all executives shared the responsibility of visiting each worksite to check health, safety, security, and environment (HSSE) risks and take necessary countermeasures in line with our key concept of "learning from mistakes." We designated June 5 and October 16 as Safety Days and undertook a range of safety initiatives, including rigorous steps to ensure compliance and prevent the recurrence of accidents, the sharing of nearmiss incidents, the identification and improvement of unsafe areas at each business site, the sharing of measures taken at other sites to prevent recurrence of accidents, and the verification that similar measures have been implemented at each worksite.

Continual implementation is the important point in these activities to ensure safety and improve quality. In 2008, we will unfold a group-wide Safety & Quality First 2008 initiative (SQF2008) to integrally continue promoting our drive to ensure safety and improve quality.

We will make efforts to check the fundamental risks to win the trust of the society. We are also working to translate the fruits of these efforts into corporate differentiation.

Overview of the Group-wide Safety and Quality Improvement Initiative

This year, we designated SQF2008 as an important item for our HSSE Priority Strategy Action Plan. All departments, including those at affiliated companies, established action plans to ensure safety and improve quality. We will steadily nip away the latent buds of risk through conscious implementation of the PDCA process.

