



Integrated report 2023

Fiscal year ended March 2023



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Fuji Oil Company, Ltd.

Our mission is to provide a stable supply of energy.

Corporate Philosophy

- Ensure stable supplies of energy
- Maintain safety and protect the global environment
- Work for the benefit of all stakeholders
- Create energetic and motivating workplaces

Charter of Corporate Behavior

In order to realize the ideals of this Corporate Philosophy, the Company has formulated a Charter of Corporate Behavior to be followed by all the Group's employees.

Stable Supply

We are committed to ensuring a stable supply of energy such as petroleum products.

Safe Operations and Environmental Protection

We strive to make high-quality petroleum products and develop energy resources while ensuring safe operations. We also promote awareness of environmental protection and actively implement voluntary measures to tackle environmental issues.

Social Contribution

We actively engage in philanthropic and other activities of social benefit and strive to contribute to the development of society. As a member of the international community, we respect the culture, religion, customs and languages of each nation or area where we operate and endeavor to contribute to their development.

Compliance with Laws, Regulations and Rules

We comply with laws, regulations and rules related to our activities, both domestically and overseas, and conduct ourselves in a socially responsible manner in accordance with ethical standards.

Rejection of Antisocial Groups

We reject all contact with antisocial groups that threaten peace and order in society.

Improving Communication

We conduct wide-reaching communication with members of society such as shareholders, customers and local citizens and disclose corporate information actively and fairly.

Respect for Employees' Individuality and Differences

We strive to develop our employees' skills and respect their personality and individuality. We also promote safe and comfortable working conditions and work to ensure the physical and mental well-being of our employees.

Resolution of Problems

The highest level of management is responsible for implementing the Charter of Corporate Behavior and for taking all necessary actions to promote awareness of the charter throughout the Group. In the event of any violation of the principles of this charter, management investigates the cause of the violation, develops measures to prevent recurrence, and makes information publicly available regarding remedial measures. Following prompt public disclosure of appropriate information regarding the violation, responsibility for the violation and its effects are clarified and disciplinary actions taken, which includes input from the highest level of management where necessary.

Editorial Policy

This integrated report aims to provide stakeholders with a clear explanation of Fuji Oil's overall management activities. The report organizes and integrates financial information, such as financial statements and business results, with non-financial information such as the Company's history, management strategies, safety and environmental initiatives, and corporate governance initiatives, linking relevant information.

Notes on Forward-Looking Statements

Performance forecasts and other forward-looking statements contained in this report are based on information currently available to the Company and certain assumptions we deem to be reasonable. Actual results may differ significantly due to a variety of factors.

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OUR HISTORY

Fuji Oil: A History of Value Creation



1964

April 1964
FOC established with investment from Arabian Oil Company (AOC), Tokyo Electric Power Company (now Tokyo Electric Power Company Holdings), Sumitomo Chemical, Nippon Mining (now ENEOS) and other companies

1968

October 1968
Sodegaura Refinery starts operations (processing capacity of 70,000 bbl/day)

1981

February 1981
First phase of Nakasode Crude Storage Base completed (six crude oil tanks, 390,000 kiloliters)

1982

December 1982
Second phase of Nakasode Crude Storage Base completed (combined total with first phase: 12 crude oil tanks, 780,000 kiloliters)

1966

August 1966
FOC becomes part of Kyodo Oil Group (now ENEOS)



1970

November 1970
New facilities at Sodegaura Refinery begin operations (second phase of expansion)

1971

September 1971
Eureka Industries established with Kureha Chemical Industry (now Kureha) and two other companies

1974

October 1974
New facilities at Sodegaura Refinery begin operations (third phase of expansion)

1990

March 1990
Eureka Industries absorbed

1993

July 1993
Benzene production unit and xylene production unit begin operation



1998

October 1998
Sodegaura Refinery processing capacity increased (192,000 bbl/day)

2003

January 2003
Joint holding company AOC Holdings established through a share transfer between Fuji Oil and AOC
AOC Holdings lists common stock on Tokyo Stock Exchange and Osaka Securities Exchange

2006

June 2006
Supply of petroleum products to Japan Airlines International (now Japan Airlines) and Kyushu Oil (now ENEOS) begins

2013

October 2013
AOC Holdings merges with subsidiary Fuji Oil, begins trading under name Fuji Oil

1996

April 1996
Sodegaura Refinery secures ISO 9002 certification (international standard for quality assurance and quality management systems)

1999

March 1999
Sodegaura Refinery secures ISO 14001 certification (international standard for environmental management systems)

2005

October 2005
Supply of petroleum products to Showa Shell Sekiyu (now Idemitsu Kosan) begins

2010

November 2010
Sodegaura Refinery processing capacity reduced (140,000 bbl/day)

2011

April 2011
Sodegaura Refinery processing capacity increased (143,000 bbl/day)

2002

April 2002
Sodegaura Refinery secures ISO 9001 certification (international standard for quality management systems)



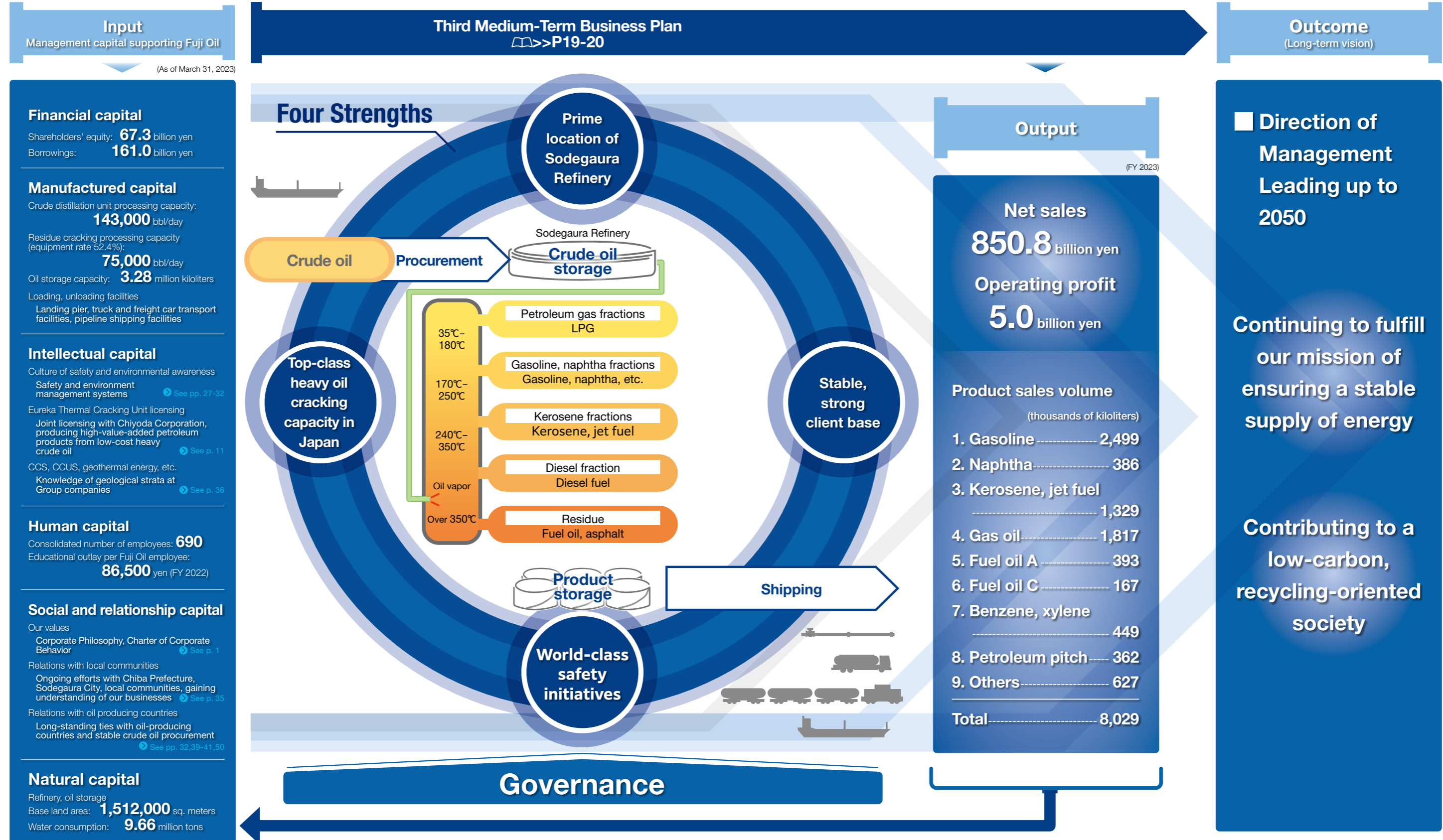
VALUE CREATION PROCESS

Value Creation Process

Corporate Philosophy

- Ensure stable supplies of energy
- Maintain safety and protect the global environment

- Work for the benefit of all stakeholders
- Create energetic and motivating workplaces



Input
Management capital supporting Fuji Oil
(As of March 31, 2023)

Financial capital
Shareholders' equity: **67.3** billion yen
Borrowings: **161.0** billion yen

Manufactured capital
Crude distillation unit processing capacity: **143,000** bbl/day
Residue cracking processing capacity (equipment rate 52.4%): **75,000** bbl/day
Oil storage capacity: **3.28** million kiloliters
Loading, unloading facilities
Landing pier, truck and freight car transport facilities, pipeline shipping facilities

Intellectual capital
Culture of safety and environmental awareness
Safety and environment management systems [See pp. 27-32](#)
Eureka Thermal Cracking Unit licensing
Joint licensing with Chiyoda Corporation, producing high-value-added petroleum products from low-cost heavy crude oil [See p. 11](#)
CCS, CCUS, geothermal energy, etc.
Knowledge of geological strata at Group companies [See p. 36](#)

Human capital
Consolidated number of employees: **690**
Educational outlay per Fuji Oil employee: **86,500** yen (FY 2022)

Social and relationship capital
Our values
Corporate Philosophy, Charter of Corporate Behavior [See p. 1](#)
Relations with local communities
Ongoing efforts with Chiba Prefecture, Sodegaura City, local communities, gaining understanding of our businesses [See p. 35](#)
Relations with oil producing countries
Long-standing ties with oil-producing countries and stable crude oil procurement [See pp. 32,39-41,50](#)

Natural capital
Refinery, oil storage
Base land area: **1,512,000** sq. meters
Water consumption: **9.66** million tons

Third Medium-Term Business Plan
P19-20

Four Strengths

Prime location of Sodegaura Refinery

Top-class heavy oil cracking capacity in Japan

Stable, strong client base

World-class safety initiatives

Crude oil Procurement

Sodegaura Refinery
Crude oil storage

- 35°C-180°C: Petroleum gas fractions, LPG
- 170°C-250°C: Gasoline, naphtha fractions, Gasoline, naphtha, etc.
- 240°C-350°C: Kerosene fractions, Kerosene, jet fuel
- Oil vapor: Diesel fraction, Diesel fuel
- Over 350°C: Residue, Fuel oil, asphalt

Product storage

Shipping

Output

Net sales **850.8** billion yen
Operating profit **5.0** billion yen

Product sales volume (thousands of kiloliters)

1. Gasoline	2,499
2. Naphtha	386
3. Kerosene, jet fuel	1,329
4. Gas oil	1,817
5. Fuel oil A	393
6. Fuel oil C	167
7. Benzene, xylene	449
8. Petroleum pitch	362
9. Others	627
Total	8,029

Outcome (Long-term vision)

Direction of Management Leading up to 2050

Continuing to fulfill our mission of ensuring a stable supply of energy

Contributing to a low-carbon, recycling-oriented society

Governance

SUPPLY CHAIN

Overview of Fuji Oil's Business (Supply Chain)

The Sodegaura Refinery imports crude oil from around the world, primarily from the Middle East, and produces a range of petroleum products which we supply to customers both in Japan and overseas, all while striving to ensure safety and quality and protect the environment. In addition to refining and storage facilities, the refinery has extensive loading

and unloading facilities. It boasts one of the largest private landing piers of any oil refinery in Japan, allowing tankers of up to 120,000 DWT to berth directly. We have the capacity to export 3 million kiloliters of products annually, approximately 40% of our total production capacity.



1. Crude oil receiving

2. Crude oil storage

3. Refining, production

4. Product storage

5. Shipping



Based on our production plan, we import various types of crude oil from the Middle East and other countries around the world.

The Keiyo Sea Berth, located 7 kilometers offshore in Tokyo Bay, is jointly operated by four oil companies in Chiba Prefecture. The sea berth can accommodate two large 300,000 DWT tankers at the same time. It is connected to our refinery by an underwater pipeline.

The dedicated landing pier at the refinery can also receive crude oil from tankers of up to 120,000 DWT.

We also use the dedicated pier to import and export products. As one of the largest in Japan, the pier provides significant support for the export of our products.



The Sodegaura Refinery has 15 storage tanks and the Nakasode Crude Storage Base has 12. Imported crude oil is transported to these tanks for storage. Fuji Oil and other oil companies in Japan are required to hold 70 days' worth of crude oil and petroleum product reserves in case of emergency.

Crude oil storage capacity (kiloliters)

Sodegaura Refinery	15 tanks	1,146,200
Nakasode Crude Storage Base	12 tanks	728,600
Total	27 tanks	1,874,800



Facilities at the Sodegaura Refinery incorporate advanced technologies, and its production system allows the refinery to respond flexibly to fluctuations in demand for petroleum products.

Heavy crude oil cracking capacity

No. 2 crude distillation unit	143,000BPSD
No. 1 fluid catalytic cracking unit	18,000BPSD
No. 2 fluid catalytic cracking unit	24,000BPSD
Vacuum residue thermal cracking unit (Eureka Thermal Cracking Unit)	33,000BPSD
Equipment rate	52.4%



In particular, the refinery has two fluid catalytic cracking units and a proprietary vacuum residue thermal cracking unit (Eureka Thermal Cracking Unit), which enable a high heavy oil cracking capacity. We are expanding the production ratio of high-value-added light petroleum products (white oil) such as gasoline and gas oil (diesel fuel). The Sodegaura Refinery refines some of the heaviest crude oils of any refinery in Japan, contributing significantly to our competitiveness by lowering the cost of crude oil.

The refinery plant is centrally managed from an integrated control room, using a state-of-the-art integrated production control system to make a range of products efficiently.



The Sodegaura Refinery has storage tanks of various sizes to store and safely manage by type the petroleum products it makes, including gasoline, kerosene, and LPG.

Finished and semi-finished products, LPG storage capacity (kiloliters)

Finished and semi-finished products	119 tanks	1,382,080
LPG	16 tanks	21,500
Total	135 tanks	1,403,580



We deliver refined petroleum products to customers throughout Japan by sea, rail, road, and pipeline. We also export products to customers overseas.

The Sodegaura Refinery is fully equipped with a variety of facilities to ship products by sea, by land, or via pipeline, delivering products that meet customer needs.

FOUR STRENGTHS OF FUJI OIL

Four Strengths of Fuji Oil

1. Prime location of Sodegaura Refinery

The Sodegaura Refinery is located in the Tokyo-Chiba industrial belt fronting Tokyo Bay, in Chiba port, one of Japan's busiest cargo ports. The site offers excellent access not only for imported crude oil and petroleum products shipped domestically by sea, but also for the export routes of petroleum products shipped in large tankers. The refinery's landing pier allows 120,000 DWT tankers to berth directly, and is capable of exporting up to 3 million kiloliters of products per year.

This is a major advantage in terms of exporting to Asia and other regions where demand for petroleum products is strong. The site is also well connected to land transport infrastructure, including the Tateyama and Metropolitan Intercity expressways, giving the refinery a prime location providing outstanding access to the Tokyo metropolitan area, a major source of petroleum consumption, as well as the Kanto and Tohoku regions.

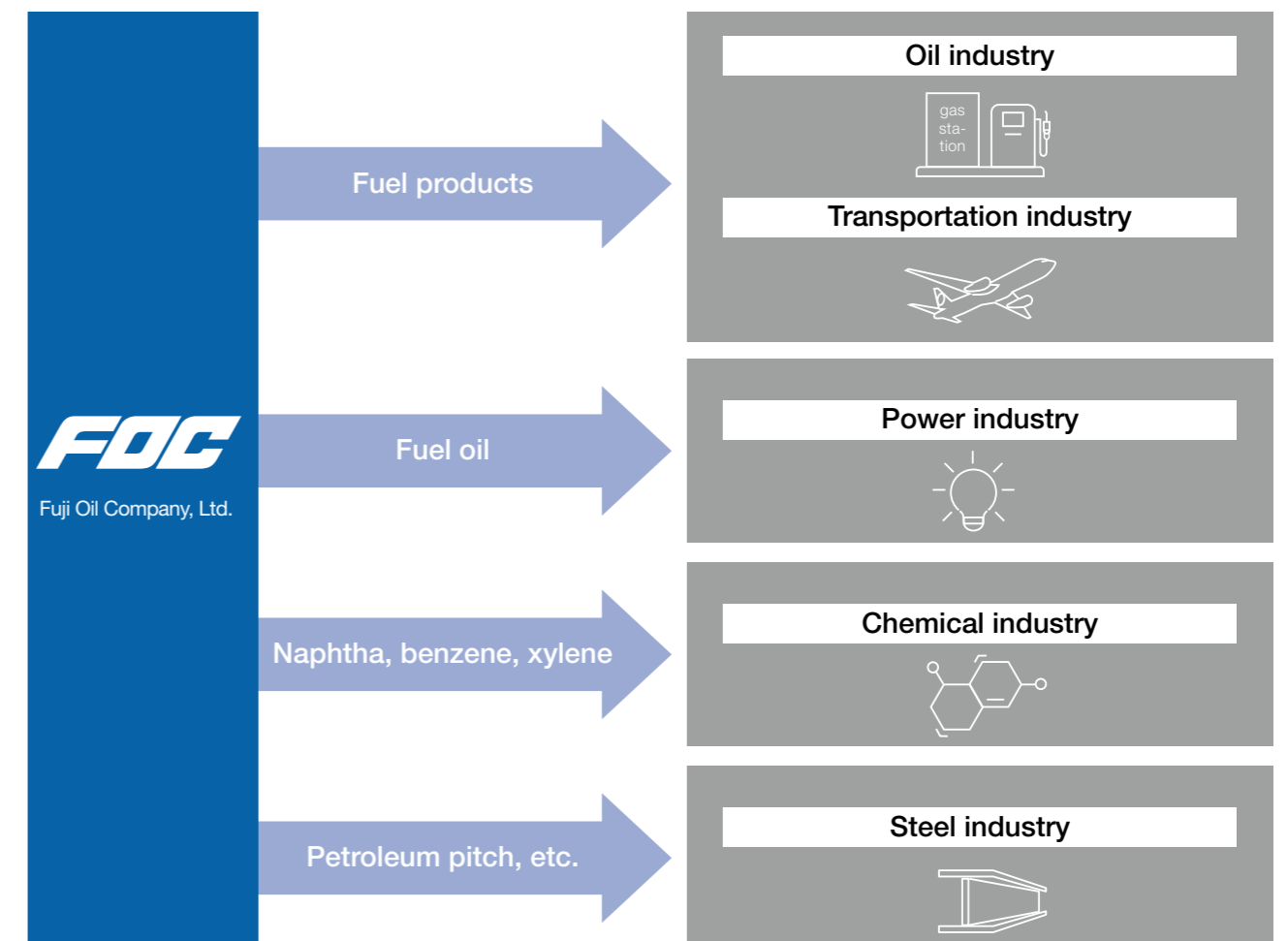


2. Stable, strong client base

Fuji Oil has built up a stable, strong client base by taking full advantage of the Sodegaura Refinery's prime location and its superior heavy oil processing capabilities. We sell our mainstay fuel products to oil distributors, airline companies, and other customers, chiefly in the Tokyo metropolitan area. Operations at the refinery also started up in a complex that lies adjacent to the power plant and manufacturing facilities of an electric power company and a chemical manufacturer. We supply fuel for power generation, such as low-sulfur fuel oil C, to electric power companies in line with their needs. Electric power companies have been scaling down their oil-fired power generation for some time, but the Sodegaura Refinery's two fluid catalytic cracking units that process heavy oil allow it to operate flexibly in response to changes

in the demand mix. We also supply a range of petrochemical feedstocks via pipeline to the adjacent plant of the chemical manufacturer. The Sodegaura Refinery is also working together with this plant to boost operational efficiency, including the mutual use of steam and the effective use of waste heat. Through a tie-up with a steel company, we have begun working to jointly develop uses for the petroleum pitch generated by the Eureka Thermal Cracking Unit, and have since been providing that company with a stable supply of petroleum pitch. Our strong ties with companies operating in these various sectors underpin ongoing, stable transactions, giving us a business framework that carries low sales risk.

Supply of petroleum products



FOUR STRENGTHS OF FUJI OIL

Four Strengths of Fuji Oil

3. Top-class heavy oil cracking capacity in Japan

The Sodegaura Refinery has a crude oil refining capacity of 143,000 bbl per day, representing roughly 4% of Japan's overall refining capacity. The refinery makes a range of products, including gasoline, kerosene, jet fuel, gas oil, fuel oil, and other fuel products, as well as petrochemical feedstocks such as benzene and xylene, and petroleum pitch. Drawing on our proprietary refining equipment, we are able to produce more light, high-value-added petroleum products (white oil) from heavier and cheaper crude oil than other companies. This allows us to respond flexibly to changes in the demand mix, such as falling domestic demand for fuel oil C and other black fuel for power generation, and rising demand for white oil, mainly in Asian countries experiencing rapid economic growth.

Secondary processes after distillation need to have a high cracking ratio to minimize as much as possible the final production ratio of fuel oil and asphalt, and thus increase the yield of in-demand higher value-added white oil. The Sodegaura Refinery has installed two fluid catalytic crackers and a vacuum residue thermal cracking unit (Eureka Thermal Cracking Unit), which directly support the cracking of heavy oil fractions in secondary processes. The cracking unit Fuji Oil operates is one-of-a-kind in the world. We use it to further crack and refine asphalt, typically considered to be the final residue in the crude oil

refining process, to create fractions used in gasoline and gas oil (fractions for white oil).

The Sodegaura Refinery has a high heavy oil cracking capacity of around 50%. This capacity is calculated by dividing the total processing capacity of the fluid catalytic cracking units and the Eureka Thermal Cracking Unit by the processing capacity of the crude distillation unit. At many refineries, about 20% of crude oil is left behind as residue (asphalt) after refining, but by leveraging the cracking unit and other equipment, the Sodegaura Refinery has lowered this to a mere 6%.

Japan imports various types of crude oil from a range of oil-producing countries. Refineries do not process a single type of crude oil year-round. Rather, they use a variety of crude oil in their refining processes to meet seasonal demand or trends in product demand. However, the Sodegaura Refinery is able to process heavier and cheaper crude oil. The average API gravity*1 of the crude oil processed at the Sodegaura Refinery for the fiscal year ended March 2023 was 32.3 degrees API, far below the national average of 36.1 degrees API*2. The Sodegaura Refinery, which processes some of the heaviest crude oils of any refinery in Japan, has achieved this strong competitive advantage by lowering the cost of crude oil.



Fluid catalytic cracking equipment



Vacuum residue thermal cracking unit (Eureka Thermal Cracking Unit)

*1 API gravity: A measure of the specific gravity of petroleum established by the American Petroleum Institute. Lighter crude oil has a higher API number and heavier crude oil has a lower number.

*2 Source: Ministry of Economy, Trade and Industry, Agency for Natural Resources and Energy, "Annual Report on Resources and Energy Statistics"

4. World-class safety initiatives

Ensuring safety has been one of the fundamental principles at Fuji Oil since the Sodegaura Refinery first went into operation. We have worked across the Group to achieve this goal, taking a variety of steps to ensure safe, stable operations, recognizing that structural measures in terms of facilities and systems as well as personnel training and other intangible measures are indispensable.

1. Integration of control rooms and operational control systems

In 2009, we integrated the control rooms at the Sodegaura Refinery, previously dispersed over four areas, into a single location, integrating the operational control systems at the same time. Bringing the control rooms into one place helped us to centralize and share information, enabling the swift transmission of information and significantly enhancing the organizational capacity of the refining department as a whole. Integration of the operational control systems allowed for the central control of all refining units, greatly improving operational efficiency as well as safety.

Having integrated the refinery's control rooms and systems, in the wake of the Great East Japan Earthquake in March 2011, we were able to act with precision and speed to carry out inspections and adjust to changes in operations. As a result, the refinery was able to continue running at nearly full capacity, without any accidents or other trouble.



Integrated control room

2. Introduction of emergency depressurization system

In the event of a major earthquake or other emergency, refining units at the Sodegaura Refinery may have to undergo an emergency shutdown. These units contain a large amount of combustible gas, however, and venting the gas safely during a rapid shutdown calls for sophisticated control systems. The refinery was among the first in the industry to adopt an electronic control system based on safety logic conforming to international standards for the emergency shutdown programs of individual units, as part of an automated emergency shutdown and depressurization system for the refinery as a whole during a major earthquake. These systems ensure that all units shut down safely and automatically during a major earthquake or other emergency.



Comprehensive Powerplay Inspection

3. Organizational integration

In conjunction with the 2009 integration of the refinery's control rooms and systems, we reorganized six sections in the refining department at the refinery into three sections. This mitigated the disadvantages of sectionalization and boosted operational efficiency, freeing up more time for equipment maintenance and new employee training.

We are also able to allocate staff more smoothly in times of emergency, as evidenced by our ability to run at nearly full capacity in the wake of the Great East Japan Earthquake in 2011. The impact of integrating the control room and organization integration has been significant, and enhanced training for new employees will help ensure safe operations into the future.

4. Group-wide initiatives

The president and other top management at Fuji Oil carry out safety inspections of the Sodegaura Refinery twice a year. Inspecting facilities in person and communicating face-to-face with operators supports a shared awareness of safety issues and encourages shared commitment to safety. We take numerous other initiatives to ensure safe, stable operations at the refinery, involving the cooperation of all staff. These include mobilizing all departments, including the administrative department, to inspect equipment and carry out monthly comprehensive Powerplay Inspections, during which they inspect equipment and clean the manufacturing site; daily patrols by safety coaches; initiatives to look into the causes of near-misses and other minor incidents; disaster prevention drills for all staff; hazard prediction activities; and campaigns to promote accident- and injury-free operations.



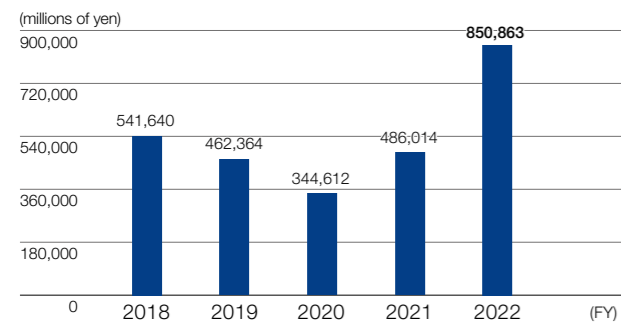
Safety coaches on patrol

FINANCIAL AND NON-FINANCIAL HIGHLIGHTS

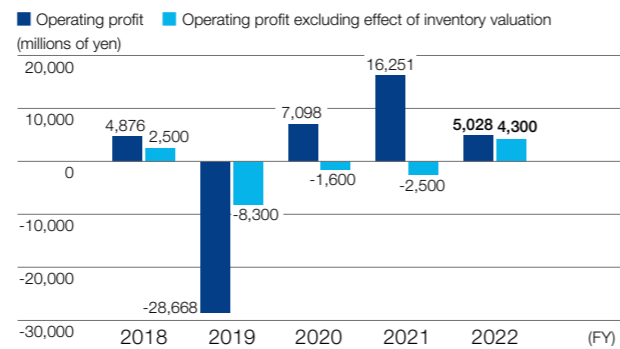
Financial and Non-Financial Highlights

Financial Highlights

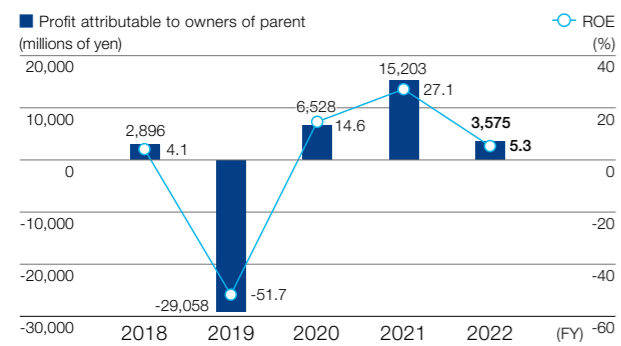
Net sales



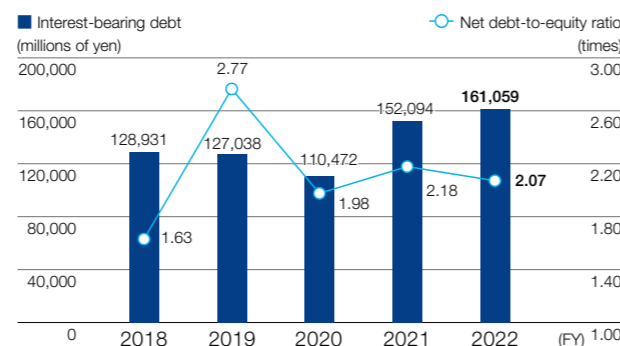
Operating profit



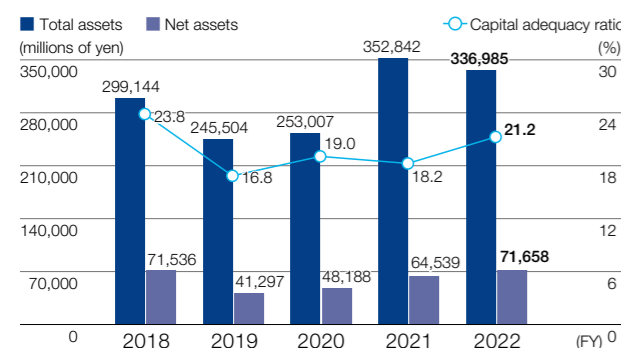
Profit attributable to owners of parent, ROE



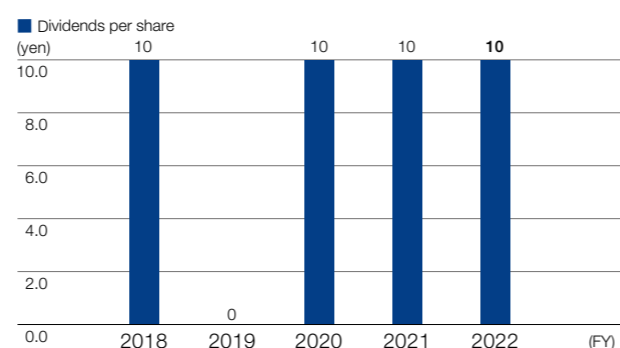
Interest-bearing debt



Total assets

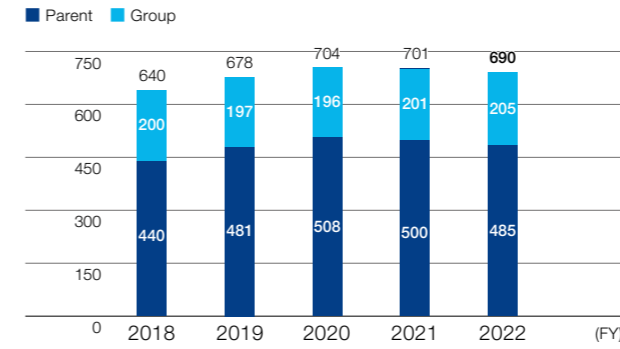


Dividends per share

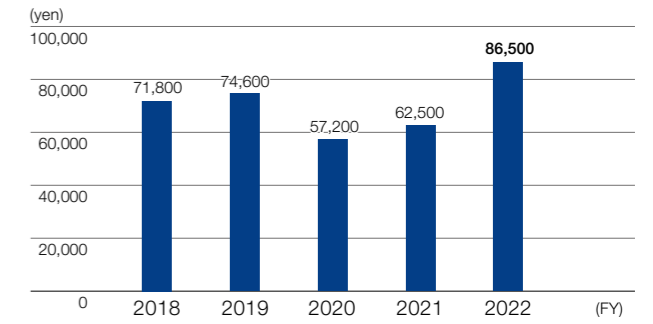


Non-Financial Highlights

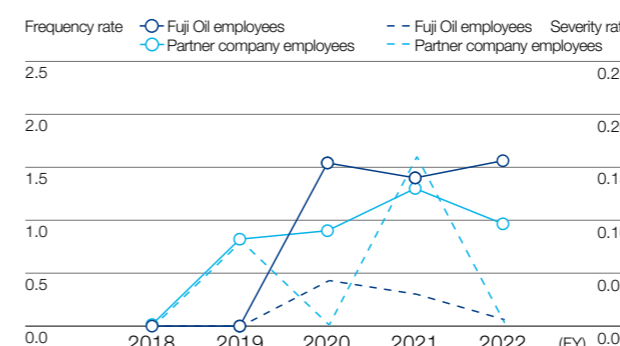
Number of employees (consolidated)



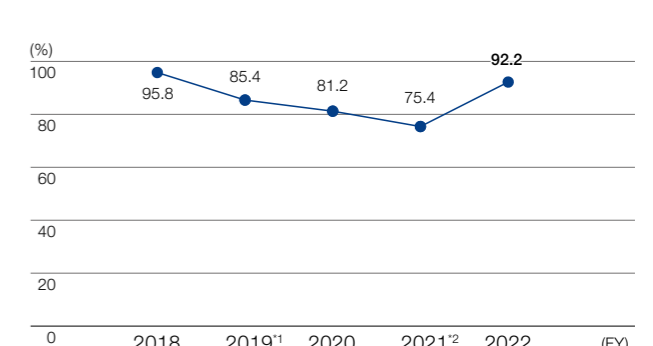
Educational outlays per employee



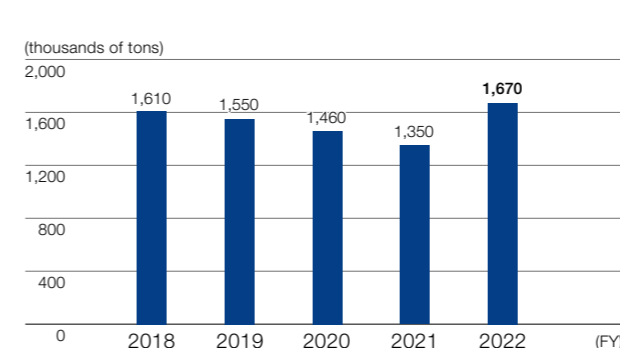
Work-related accidents



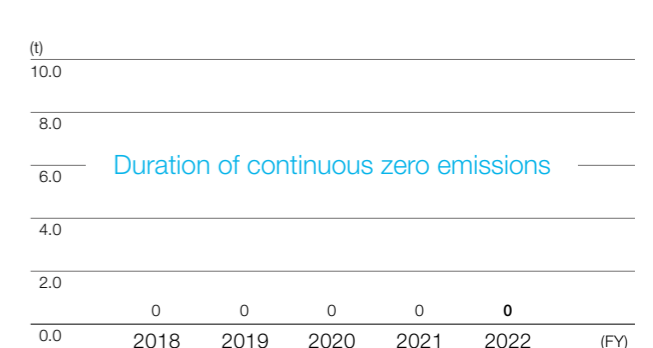
Refinery operating rate



CO₂ emissions at refinery



Final disposal volume of industrial waste



Duration of continuous zero emissions

Note: Frequency rate and severity rate are indicators used by the Ministry of Health, Labour and Welfare in evaluating accidents.
 Frequency rate (frequency of accidents) = Number of casualties due to work-related accidents ÷ Total number of actual working hours × 1,000,000
 Severity rate (degree of severity of accidents) = Total number of work days lost ÷ Total number of actual working hours × 1,000

*1 Fiscal year in which minor scheduled repairs were carried out
 *2 Fiscal year in which large-scale scheduled repairs were carried out

TOP MESSAGE

Message from the President

Ensuring stable operations and contributing to the environment have been and will continue to be the pillars of Fuji Oil.

Shigeto Yamamoto
Representing Director, President

Looking Ahead toward 2050

Since its founding, Fuji Oil has supported growth in Japan by providing a stable energy supply. Although the business environment surrounding the Company is shifting rapidly, this fundamental principle remains unchanged. Meanwhile, achieving carbon neutrality in 2050 is an important long-term challenge for us, as the sustainability of the oil refining business model itself is being called into question. Exactly what form alternative energy will take is not clear, but changing the business model will not be easy for Fuji Oil, which operates out of a single refinery. Nevertheless, by harnessing the strengths we have cultivated over the years, we will overcome the various issues involved and continue to play a role in the energy supply chain in 2050, thereby fulfilling our mission of providing a stable energy supply.

I joined the Company in the 1980s at a time of robust ongoing growth in the Japanese economy as well as the rapidly increasing consumption of petroleum products. Now, however, structural domestic demand for oil continues to wane, creating a challenging business environment for companies like ours in the oil refining industry. Still, the top priority for us back then and now is to operate the refinery in a stable manner, without accidents, trouble, or violations of any laws or regulations is what earns the trust of our customers and generates stable earnings. This is the foundation upon which we will work to achieve carbon neutrality and create a new business model.

Strengths of Fuji Oil

Petroleum products cannot be differentiated in the same way as products in ordinary manufacturing industries. Therefore, to enhance the competitiveness of a refinery, the stable, low-cost supply of products is extremely important.

To boost cost competitiveness, it is first of all essential to have advanced cracking capabilities for heavy distillates, and then to maintain high operating rates at the refinery and ensure efficiency across the supply chain. Fuji Oil boasts advanced heavy oil cracking equipment, including our vacuum residue thermal cracking unit (Eureka Thermal Cracking Unit), which has enabled us to successfully increase the proportion of high-value-added products we make.

We also pay careful attention to safety, for the sake of maintaining a high operating rate at the refinery and avoiding any shutdowns other than scheduled repairs as required by law. We are proud that the Sodegaura Refinery as a result has been able to maintain one of the highest operating rates in the country.

Furthermore, a major advantage in our supply chain is the fact that our refinery includes one of Japan's largest piers, capable of accommodating 120,000 ton tankers, which allows us to flexibly export products to regions in Asia with strong petroleum demand. We have facilities and a supply framework that allow us to transport products at low cost, such as being linked to an adjacent chemical factory via pipeline.

Although Fuji Oil is a small company, we believe the Sodegaura Refinery has been able to enhance cost competitiveness by boosting efficiency in each step of the petroleum production process. We will continue to contribute to the stable supply of energy by reinforcing various initiatives and maintaining our competitive strengths.

Initiatives toward Achieving Carbon Neutrality

Achieving carbon neutrality in 2050 is an important long-term challenge for Fuji Oil. For us to help bring about carbon neutrality for society as a whole, we need both to reduce emissions from our refinery (realizing net zero emissions) and to reduce the CO₂ emissions of the products we supply. On the other hand, we cannot fulfill our responsibilities as a company if anything occurs that impairs the stable supply of energy.

A refinery requires large amounts of thermal energy in the production process. This energy is obtained by burning fuel derived from crude oil. To reduce CO₂ emissions, we must put top priority on achieving further energy savings in the production process and reducing the amount of energy used. Next, through mixed combustion combining ammonia and other carbon neutral fuels with the fuel already in use, we will lower the proportion of fossil fuels used and thus CO₂ emissions as well. Regarding the amount of carbon that is still emitted, we will explore various options and take response measures, including the use of carbon dioxide capture and storage, to achieve carbon neutrality at the refinery.

We are looking closely at sustainable aviation fuel (SAF) as a way of reducing the carbon emissions of our products. We are gaining knowledge in the SAF area by participating in the Imported Neat SAF Model Demonstration Project being spearheaded by the Ministry of Land, Infrastructure, Transport and Tourism. The use of SAF is becoming more feasible technically, but the challenge is profitability. If SAF is not profitable, we cannot incorporate it into our business.

We will continue to actively conduct trials on new low-carbon technologies like this, laying the groundwork for our response while tracking developments in society. Our belief is that developing systems and methods related to carbon neutrality is an issue on which the public and private sectors should collaborate.

Human Resources Initiatives

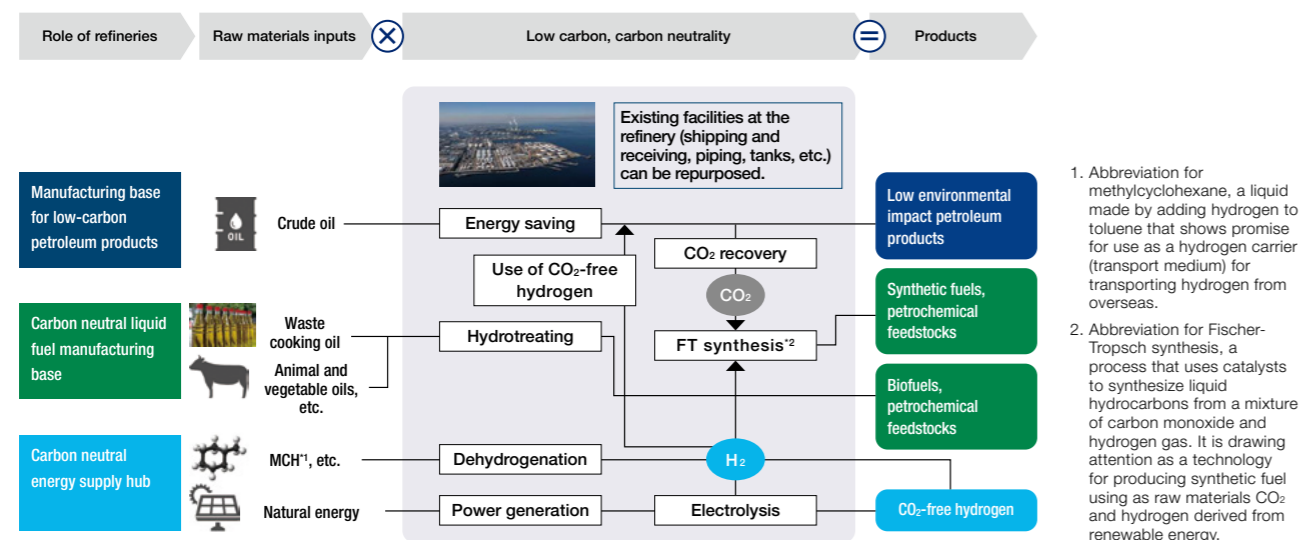
Excellent personnel are essential to our efforts to achieve carbon neutrality and the safe and stable operation of our refinery. We know that employees will leave if they do not feel that the time spent working at the Company is valuable. We consider efforts to cultivate human resources and improve the workplace environment to be pressing issues.

The ideal human assets Fuji Oil seeks in its employees are people who can think for themselves, articulate their ideas clearly, and turn their ideas into reality. In particular, to survive the coming era of rapid change, we need people who can express their opinions without fear of departing from traditional approaches or the thinking of people around them.

TOP MESSAGE

Message from the President

Examples of refinery utilization leading up to 2050



To this end, in addition to general education programs such as training for each job position, we are actively striving to foster a work environment that gives employees opportunities to embrace new challenges. Always working in the same environment limits the scope of experience an employee can gain. We believe it is necessary to create an environment where employees have opportunities to interact with a variety of people, not just within the Company, so we are building a framework to foster this.

Moreover, the petroleum industry tends to have an image of being behind the times when it comes to working style reform. It is true that our refinery operates on a 24-hour, three-shift framework, and that there are restrictions on employees for the sake of maintaining stable operations, including the need to mobilize in cases of disasters or other emergencies. However, since each employee has their own unique set of circumstances, we are designing an HR system that gives employees flexibility and the discretion to use their time effectively in terms of childcare and long-term care as well as in other ways.

Digital Transformation

The most effective application of digital transformation for us is in the streamlining of refinery inspections.

As with other refineries in Japan, the Sodegaura Refinery faces longer downtimes for scheduled repairs than comparable refineries elsewhere in Asia. At the same time, such scheduled repairs are essential for the safe operation of refinery equipment. Moreover, human involvement is crucial in large-scale inspections of facilities.

We believe the most effective application of digital transformation in enhancing the efficiency of inspection work is in day-to-day monitoring. By using digital technology to constantly monitor the status of equipment and facilities, we can detect signs of abnormalities early on and make needed repairs. This will shorten the timeframe needed for scheduled

repairs and boost the operating rate.

Also, up until now, passing on the skills of veteran employees working at the refinery has been a challenge, but by collating and sharing the experience of such veterans in the form of digital data, we can pass on their wisdom to the next generation. We will actively address this issue, recognizing that it is a critical area linked directly to our operating rate, and thus, to our cost competitiveness.

Reinforcing Governance

For a company in the oil refining sector, the shutdown of refinery operations is something that must be avoided at all costs. This requires us to appropriately identify the risks inherent in the business and take immediate action when serious issues arise. Moreover, initiatives needed to work toward carbon neutrality are an important longer-term issue. To tackle these issues, we believe a diverse Board of Directors has an extremely vital role to play.

In terms of the framework, we are strengthening our organization in accordance with Japan's Corporate Governance Code. After the June 2023 general meeting of shareholders, we divided the makeup of the Board of Directors evenly between internal and outside directors, and have steadily been putting the framework in place. We also have a female director and foreign directors, ensuring the Board's diversity. The Board engages in repeated discussions around sustainability efforts, including carbon neutrality, and other longer-term issues.

A key topic under discussion that has an immediate impact on our management is the development of an internal framework to respond to the Ministry of Economy, Trade and Industry's new certification system under Japan's High Pressure Gas Safety Act. The system allows scheduled refinery repairs to be extended from once every four years to a maximum of once every eight years for refineries that meet certain conditions, such as having a maintenance framework

in place.

This will help us significantly reduce refinery downtimes, maintain high operating rates, and ultimately boost our cost competitiveness. Conditions for applying for certification include introducing an employee training program and a regular inspection system for equipment and facilities. The Board of Directors is promoting the construction of this maintenance framework.

Performance and Progress of the Third Medium-Term Business Plan

In terms of the business environment, regarding domestic demand for petroleum products in the fiscal year ended March 2023, demand for gasoline was up 0.6% year on year, underpinned by the relaxation of restrictions on movement and government travel support measures, which offset structural factors pushing down demand, such as a drop in the number of passenger cars owned and advances in fuel efficiency. Demand for jet fuel was up 21.6% year on year on the back of a rebound in demand for passenger and cargo transportation. On the other hand, sales of kerosene were down 9.4% year on year, reflecting the impact of a warm winter nationwide, while demand for diesel oil was down 1.3%, despite solid demand mainly for freight transportation.

Although there was a temporary drop in the operating rate of production facilities at the Sodegaura Refinery due to repair work, overall we maintained safe and stable operations throughout the year.

For the fiscal year ended March 2023, consolidated net sales were 850.8 billion yen, a year-on-year increase of 364.8 billion yen, while operating profit was 5.0 billion yen, down 11.2 billion yen year on year. In terms of actual profit excluding inventory effects for the year, operating profit came to 4.3 billion yen.

Predicting the price of oil has become difficult due to factors such as Russia's invasion of Ukraine, and thus earnings forecasts are also difficult. Although, for us, it would be ideal to see ongoing stability in crude oil prices, in reality we expect further volatility.

In terms of progress with the Third Medium-Term Business Plan, we are beginning to see the generation of free cash flow in our financial plan. We are still far from our target of operating profit of 10 billion yen, excluding inventory effects. However, the operating rate is currently higher than the assumption we made when formulating the business plan. We will continue to take steps from a variety of angles to contribute to cost reductions in pursuit of the 10 billion yen target for operating profit, excluding inventory effects.

Moves to Boost Capital Efficiency

As a listed company, we are required to pursue management with an awareness of capital costs, return on capital, and market evaluation. However, our price-to-book ratio remains



low. While this is a major challenge for us, there is no silver bullet that can dramatically improve the capital efficiency of a refinery. To raise the price-to-book ratio while fulfilling our mission of providing society with a stable supply of energy, we first need to generate robust earnings and enhance corporate value to become a company that is valued by the stock market. As I mentioned above, achieving this depends largely on generating stable earnings underpinned by high facility operation rates and pursuing new initiatives aimed at carbon neutrality. The Third Medium-Term Business Plan targets ROE of 10%. Our first priority will be on attaining this target and focusing on generating earnings over and above the cost of capital. Also, this is our first time to publish an integrated report, and I recognize that our IR activities are still in the early stages. We will continue to further enhance disclosure and engage in dialogue regarding IR as we strive to enhance corporate value together with our shareholders and other stakeholders.

To Our Stakeholders

I believe the reason Fuji Oil been able to continue doing business as an oil refiner is because of our dedicated, concerted efforts across the Group to fulfill our mission of following regulations and supplying petroleum products in a safe, stable manner, supported by strong ties with our customers, business partners, shareholders and investors, local communities, and other stakeholders.

The petroleum industry is currently entering an era of significant change, in which companies must achieve a stable supply of energy and work toward carbon neutrality at the same time.

In this era of great change, we will further pursue constructive dialogue with stakeholders and draw on their feedback to inform our management, while also working together across the Group to enhance corporate value.

We will continue to be a company that is widely recognized as being indispensable to society.

I appreciate your continued understanding and support for our business.

Shigeto Yamamoto

Representative Director, President

THIRD MEDIUM-TERM BUSINESS PLAN

Third Medium-Term Business Plan (formulated May 2021)

Our Outlook on the Business Environment

We expect a robust rebound in oil demand following the economic crisis brought about by the COVID-19 pandemic. Over the next few years, however, several new large-scale, state-of-the-art refineries are slated to come online, mainly in China, India, and the Middle East, operating at a scale that will outpace the growth in oil demand. Depending on the progress of these projects, we

expect an even more competitive environment. Meanwhile, with global moves toward achieving carbon neutrality in 2050, we expect to lose a certain amount of oil demand over the longer term with the increasing popularization of electric vehicles and progress in the shift to biofuels, synthetic fuels, hydrogen, and other alternative fuels.

Direction of Management Leading up to 2050

Based on this outlook on the business environment, our Medium-Term Business Plan sets out the following long-

term direction for management in the lead up to 2050, which will guide our initiatives going forward.

- Sodegaura Refinery will continue to be an important foundation for value creation, as we work to fulfill our mission of ensuring a stable supply of energy.
- Recognizing that it is our responsibility to society as well the most critical management issue for the future of the Company to contribute to a low-carbon, recycling-oriented society, we will become a company that supplies carbon neutral energy and oil products that lower the amount of CO₂ emissions generated during production.

Basic Policies, Priority Issues and Measures

Business conditions facing the oil refining industry are growing more challenging each year in line with declining domestic oil demand, among other factors, coupled with full-fledged moves in Japan and worldwide toward achieving carbon neutral by 2050. In this context, to expand earnings in a stable manner while lowering our

environmental burden, we established two basic policies: (1) reinforcing the base of the oil refining business, and (2) strengthening efforts toward achieving carbon neutrality in society. Guided by these policies, we will focus on the following initiatives.

Basic policies	Priority issues	Specific initiatives
Reinforcing the base of the oil refining business	Maintaining and enhancing operational reliability	<ul style="list-style-type: none"> • Intensive inspections of aging equipment • Employing drones for inspections and roll out IoT, AI, and other digital technologies, etc.
	Strengthening cost competitiveness and establishing a competitive advantage	<ul style="list-style-type: none"> • Streamlining refining costs, boosting energy efficiency • Optimizing production including raw material procurement • Improving equipment to expand production of high-value-added products • Streamlining overall costs, boosting operational efficiency, etc.
Strengthening efforts toward achieving carbon neutrality in society	Thorough reduction of the environmental burden at the refinery	<ul style="list-style-type: none"> • Further developing energy-saving actions and investments • Exploring use of ammonia as boiler fuel, etc.
	Pursuing businesses that contribute to carbon neutrality	<ul style="list-style-type: none"> • Pursuing introduction of next-generation biofuels, CO₂-free hydrogen, synthetic fuels, etc.

Seeking to help bring about a carbon neutral society in 2050, we have established the following environmental targets for the Medium-Term Business Plan.

Environmental target for FY 2025

Energy savings of 15,000 kiloliters-coe^{*1} per year at the refinery

Target level for FY 2030

20% or more reduction in CO₂ emissions generated by our own operations compared to FY 2014

Target level for FY 2050^{*2}

- Achieve net-zero CO₂ emissions from our own operations
- Helping to bring about carbon neutrality for society as a whole by reducing the carbon intensity of energy supplied

^{*1} Crude Oil Equivalent ^{*2} Targets assume both that advances in the innovation of various elemental technologies will yield the requisite technology and that we can realize economic efficiency.

Crude Oil Refining, Product Sales

	FY 2021	FY 2022 (result)	FY 2023 (forecast) ^{*1}	FY 2024 (planned)
Volume of crude oil processed (thousands of kiloliters)	6,259	7,648	7,375	7,297
Volume of product sales (thousands of kiloliters)	6,466	8,029	7,882	7,880

^{*1} Figures (forecast) for FY 2023 announced on May 10, 2023

Profit Forecast

	FY 2021	FY 2022 (result)	FY 2023 (forecast) ^{*1}	FY 2024 (planned) ^{*2}
Price of crude oil (Platt's Dubai)	78 US dollars/bbl	92 US dollars/bbl	80 US dollars/bbl	60 US dollars/bbl
Exchange rate	112 yen/US dollar	135 yen/US dollar	130 yen/US dollar	105 yen/US dollar
Operating profit [excluding effect of inventory valuation]	162[(25)]	50[43]	76[44]	100[100]
Ordinary profit [excluding effect of inventory valuation]	160[(27)]	47[40]	68[36]	85[85]
Profit attributable to owners of parent net profit	152	35	56	75

^{*1} Figures (forecast) for FY 2023 announced on May 10, 2023 ^{*2} Operating profit and ordinary profit for FY 2024 do not include effect of inventory valuation

Financial Targets

	FY 2024 target
ROE	10% or more
Net debt-to-equity ratio	1.5 times or less*

* After adjustment for the effect of changes in short-term capital funds due to fluctuations in crude oil prices

Report on Business Activities

Our Outlook on the Business Environment

We recognize that the business environment in which Fuji Oil operates is extremely challenging. We expect a robust rebound in oil demand following the economic crisis brought about by the COVID-19 pandemic. Over the next few years, however, several new large-scale, state-of-the-art refineries are slated to come online, mainly in China, India, and the Middle East, operating at a scale that will outpace the growth in oil demand. Meanwhile, with global moves toward achieving carbon neutrality in 2050, we expect to lose a certain amount of oil demand over the longer term with the increasing popularization of electric vehicles and progress in the shift to biofuels, synthetic fuels, hydrogen, and other alternative fuels. We formulated the Third Medium-Term Business Plan in light of this outlook,

covering the four years from the fiscal year ended March 2022 to the fiscal year ending March 2025.

Subsequently, we have seen even more urgent calls in society for achieving carbon neutrality by 2050 as well as concerns over energy security in light of mounting geopolitical risks due to the crisis in Ukraine and highly volatile costs of resources and exchange rates. These factors are driving a shift in the energy supply and demand structure centered on fossil fuels, which we expect will continue. This situation notwithstanding, Fuji Oil is striving to achieve both stable earnings growth and lower our environmental impact, focusing on two basic policies: (1) reinforcing the base of the oil refining business, and (2) strengthening efforts toward achieving carbon neutrality in society.

Issues to Be Addressed

1. Reinforcing the base of the oil refining business

Maintaining and enhancing operational reliability

By taking full advantage of drone inspections and digital technologies such as IoT and AI, we will pursue the even more sophisticated operation management and maintenance of facilities.

Strengthening cost competitiveness and establishing a competitive advantage

We will work to further strengthen our cost competitiveness. This includes steps to further streamline refining costs; boost energy efficiency; optimize production including raw material procurement; improve equipment to expand production of high-value-added products; and streamline overall costs, including head office costs.

We will strive to further introduce and capitalize fully on rapidly advancing digital technologies. At the same time, we will work to further transform our human resources and organization, which form

the basis of our competitive advantages, by fundamentally revising work flows and realigning organizations as needed, making optimal use of the personnel system we overhauled in the fiscal year ended March 2020, and stepping up efforts to cultivate human resources.

2. Strengthening efforts toward achieving carbon neutrality in society

Thorough-going reduction of the environmental burden at the refinery

Recognizing the clear-cut contribution both to higher profitability and reducing CO₂ emissions at the refinery brought about by energy savings, we will more fully cultivate and accelerate existing efforts to promote a low-carbon refinery. In addition to efforts already underway, such as supplying gasoline containing bio-ETBE (ethyl tertiary butyl ether), we will seek to supply products and use fuels that lower the environmental burden, including exploring the use of ammonia as a boiler fuel.

Full-year FY 2022 Volume of product sales

(thousands of kiloliters)

	Full-year FY 2022	Full-year FY 2021	Year-on-year change
Gasoline	2,499	1,892	132%
Naphtha	386	227	170%
Kerosene	359	441	81%
Jet fuel	970	482	201%
Gas oil	1,817	1,518	120%
Fuel oil A	393	301	130%
Fuel oil C	167	147	114%
Benzene	110	117	94%
Xylene	339	263	129%
Petroleum pitch	362	274	132%
Other	627	805	78%
Total	8,029	6,466	124%
Volume of crude oil processed	7,648	6,259	122%
Operating rate	92.2%	75.4%	

Transition Strategy toward Achieving Carbon Neutrality

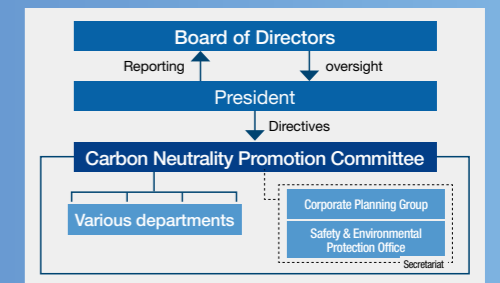
Our aim in formulating the Third Medium-Term Business Plan in May 2021 was to help bring about a carbon neutral society in 2050. We established the following environmental targets to guide our efforts to achieve this.

1. Energy savings of 15,000 kiloliters-coe per year at the refinery (for FY 2025).
2. In the medium term, we aim for a 20% or more reduction in CO₂ emissions generated by our own operations compared to FY 2014.
3. In the long term, assuming that advances in the innovation of various elemental technologies will yield the requisite technology and that we can realize economic efficiency, we aim to achieve net-zero CO₂ emissions from our own operations in FY 2050. We will also help bring about carbon neutrality for society as a whole by reducing the carbon intensity of the energy we supply.

In addition to the initial targets set out in the plan, in light of progress in our business since the plan's formulation and shifts in the business environment, including the full-fledged start of activities by the GX League (a public-private partnership aiming to achieve carbon neutrality in 2050), we recognized the need to give direction to our long-term efforts to reduce CO₂ emissions and take steady action to implement it. This led to the formation of our new Transition Strategy toward Achieving Carbon Neutrality.

Governance Framework

Because achieving carbon neutrality involves a Group-wide effort and covers a wide range of topics, we are forming a specialized Carbon Neutrality Promotion Committee made up of all full-time executive officers. The committee will form the framework for strategy planning and promotion. In addition, seeking to ensure the greater effectiveness of carbon neutrality strategies, it will regularly manage progress of the strategies and report back to the Board of Directors.



Roadmap toward Achieving Carbon Neutrality*1

Topic	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2040	FY 2050	
CO ₂ emissions targets	CO ₂ emissions target for FY 2030: 20% reduction compared to FY 2014**									Net-zero CO ₂ emissions in FY 2050	
Energy saving activities	Energy saving activities: 15,000 kiloliters-coe			Ongoing energy saving activities							
Shifting to carbon neutral fuel (ammonia/hydrogen), etc.	Exploring increasing the ammonia mixed combustion rate in boiler				In-depth exploration Exploring shift to ammonia and hydrogen fuel				Basic design Investment decisions		
Exploring ideal refinery status	Identifying the ideal state of refinery equipment								In-depth exploration		Altering facilities configuration Basic design, investment decisions
CO ₂ recovery and use	CCS/CCUS technology development survey						In-depth exploration		Basic design, investment decisions		
Biofuel business	Basic design, investment decisions related to manufacture of SAF, etc.		In-depth design, material procurement, and facilities construction related to manufacture of SAF, etc.			Supply of SAF, etc.					
Exploring introduction of co-processing technology*3	Survey on trends in raw materials derived from biomass and waste plastic, exploring repurposing of existing facilities				Exploring roll-out		In-depth exploration		Basic design, investment decisions		

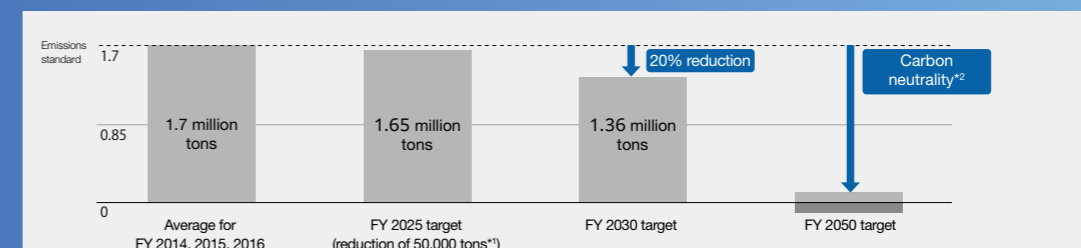
*1 We will update this current roadmap as needed in light of progress of future initiatives, policies, technological advances, market trends, etc.

*2 We adopted the three-year average CO₂ emissions (results) from FY 2014 to FY 2016 as the emissions standard (1.7 million tons-CO₂).

*3 Technology that processes raw materials derived from biomass and waste plastic along with conventional petroleum-derived raw materials

CO₂ Emissions Target (Scope 1 and 2)

CO₂ emissions targets (Scope 1 and 2) from our own operations in FY 2025, FY 2030, and FY 2050 compared to the average values for three years (FY 2014, FY 2015, and FY 2016) including the base year (FY 2014) are defined as follows.



*1 Equivalent to the CO₂ emission reduction effect achieved from energy savings of 15,000 kiloliters-coe per year.

**2 Targets assume both that advances in the innovation of various elemental technologies will yield the requisite technology and that we can realize economic efficiency.

REPORT ON BUSINESS ACTIVITIES

Report on Business Activities

Special Feature: Initiatives to Achieve Carbon Neutrality

The basic policies of the Third Medium-Term Business Plan are to reinforce the base of the oil refining business and strengthen efforts toward achieving carbon neutrality in society. As a company that aims for sustainable growth while contributing to society through its business, Fuji Oil is pursuing various initiatives to help bring about carbon neutrality for society as a whole. First, to lower the environmental impact of our refinery, we are exploring sourcing ammonia from outside suppliers and using it as a fuel to reduce the CO₂ emitted during combustion. Carbon neutrality of the energy we supply is also an important issue. To achieve carbon neutrality in Japan by 2050, it is essential in the energy field to develop, introduce, and gain widespread acceptance of carbon neutral energy. A particular focus for us is the supply of sustainable aviation fuel (SAF).

Building a Supply Chain for Full-Scale Ammonia Mixed Combustion

Ammonia is a carbon-free energy source that does not emit CO₂ when combusted. In addition to being used as a hydrogen carrier, it holds promise for playing a role in lowering CO₂ emissions as a heat source for power generation, plants, and other applications, as well as a fuel for ships and other vehicles. Seeking to reduce CO₂ emissions from our own operations, for the boiler of the Sodegaura Refinery, we continue to experiment with the mixed combustion of ammonia, a by-product of the oil refining process, combined with crude oil-derived fuel. However, ammonia is not yet well-established as a fuel, and it involves challenges in terms of production and transportation.

Therefore, together with Group company Japan Oil Engineering and in collaboration with Saudi Arabian Oil

Company (Aramco), Mitsui O.S.K. Lines, and other companies, we carried out a trial for receiving and using low-carbon ammonia in mixed combustion. SABIC Agri-Nutrients Company (a subsidiary of Saudi Basic Industries Corporation = SABIC) produced the ammonia used in the trial from Aramco's raw material gas, and Fuji Oil purchased the ammonia from Aramco Trading Company. The ammonia is produced by separating and recovering CO₂ generated during the manufacturing process and using it as a raw material in subsequent processes. Therefore, it is classified as low-carbon ammonia and has been certified as such by a third-party certifying organization. The low-carbon ammonia transported by Mitsui O.S.K. Lines from Saudi Arabia to Japan is delivered to our Sodegaura refinery and used in mixed combustion in our in-house boiler.



Sustainable Aviation Fuel (SAF) Initiatives

The International Civil Aviation Organization (ICAO) Assembly has set a goal of achieving net-zero CO₂ emissions for the aviation industry by 2050. Moves toward the achievement of carbon neutrality in the aviation industry will pick up speed starting in 2024, pushed forward by calls for a 15% reduction or offset of emissions compared to 2019. In Japan, the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) has set a goal of replacing 10% of the fuel used by domestic airline carriers with sustainable aviation fuel (SAF)*1 by 2030.

In this context, to achieve a stable supply of SAF in Japan, it will be critical to establish a longer-term domestic SAF production framework and expand the domestic supply chain for imported SAF. To this end, in cooperation with ITOCHU Corporation, Fuji Oil is taking part in the Imported Neat SAF Model Demonstration Project being spearheaded by MLIT's Civil Aviation Bureau. In this project, ITOCHU imported neat SAF*2 from Finland-based Neste OYJ, and we

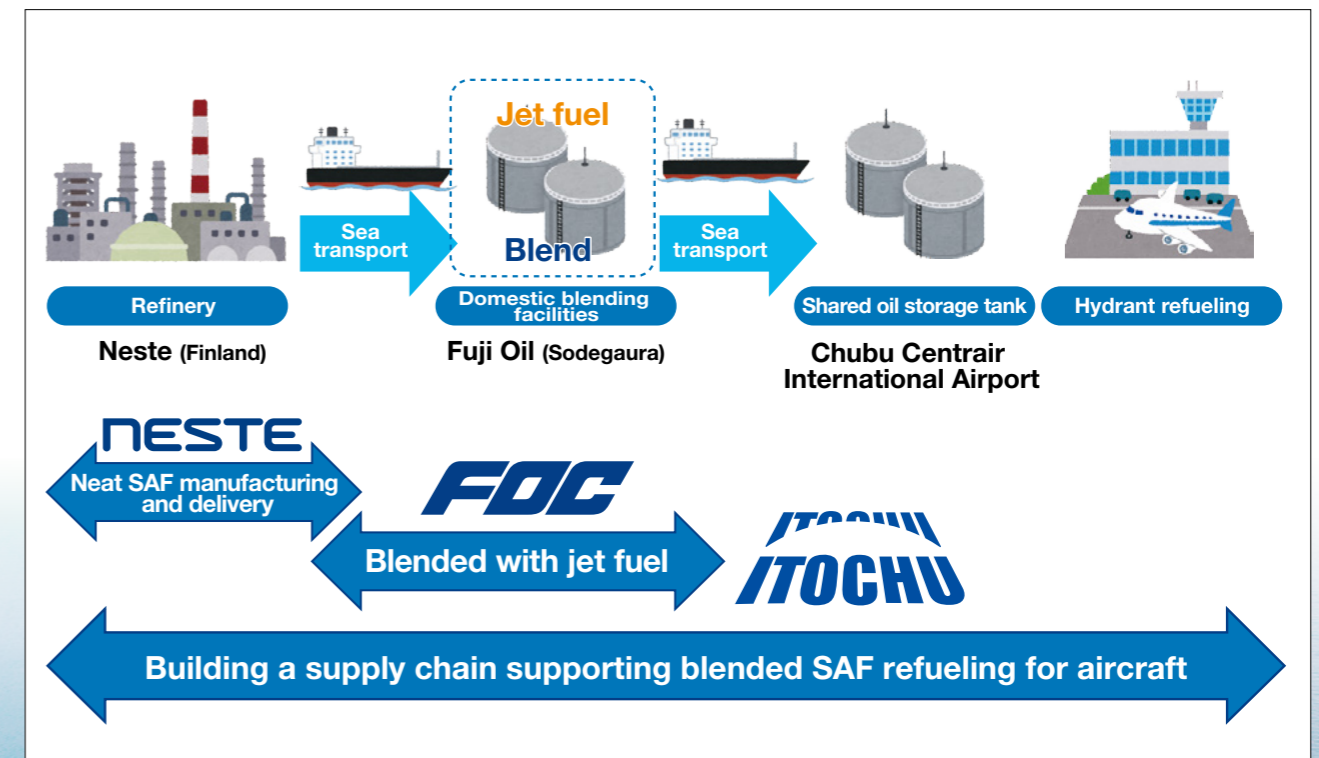
blended the imported neat SAF with jet fuel at facilities of the Sodegaura Refinery to produce SAF. We then delivered the SAF to Chubu Centrair International Airport for use in flight inspection aircraft owned by MLIT's Civil Aviation Bureau.

We are further exploring a biofuel production business using SAF as the target product at the Sodegaura Refinery. As part of this exploration, we are currently working on the basic design of the manufacturing plant. This basic design anticipates the annual production of roughly 180,000 kiloliters of neat SAF, with supply starting in the fiscal year ending March 2028. Our plan is to blend neat SAF with fossil-derived jet fuel and then supply it to various airports in the form of SAF.

*1 SAF refers to jet fuel oil that is a blend of neat SAF and fossil-derived jet fuel in compliance with international standards ASTM D7566 Table 1 and ASTM D1655.

*2 Neat SAF refers to synthetic jet fuel oil made from biomass raw materials that complies with any of the international standards ASTM D7566 Annex 1 to 7. To be loaded onto aircraft, the fuel must be blended with fossil-derived jet fuel in a proportion determined by the raw materials and manufacturing method. Neste's neat SAF can be blended up to 50%.

MLIT 2022 Imported Neat SAF Model Demonstration Project













SUSTAINABILITY MANAGEMENT

Key Issues Sustainability Management

Framework for Initiatives

To fulfill its responsibilities as a member of society, Fuji Oil is implementing a range of initiatives to address ESG issues. Our Corporate Philosophy includes the values of ensuring a stable supply of energy, maintaining safety and protecting the global environment, and working for the benefit of all stakeholders. We continue to seek to conduct business activities from an ESG perspective and enhance corporate value so that we can help bring about the sustainable society envisioned by the SDGs.

ESG Area	Key Issues	Initiatives	Relevant SDGs	Monitoring indicators and specific activities	Reference page
E	<ul style="list-style-type: none"> Lowering our environmental burden Waste reduction 	<ul style="list-style-type: none"> Supplying environmentally friendly products 		<ul style="list-style-type: none"> Sulfur-free gasoline and gas oil (sulfur content 10 ppm (mass) or less) Use of bio-ETBE 	<ul style="list-style-type: none"> See P29
		<ul style="list-style-type: none"> Global warming response measures 	 	<ul style="list-style-type: none"> CO₂ emissions (Scope 1 and 2, Scope 3) Solar power generation (Fuji Rinkai) 	<ul style="list-style-type: none"> See pp. 29-30, 36
		<ul style="list-style-type: none"> Preventing air pollution 	 	<ul style="list-style-type: none"> SO_x emissions NO_x emissions Soot and dust emissions 	<ul style="list-style-type: none"> See P31
		<ul style="list-style-type: none"> Preventing water pollution and conserving water resources 		<ul style="list-style-type: none"> Cooling water recirculation rate Chemical oxygen demand (COD) emission load Total nitrogen emission load 	<ul style="list-style-type: none"> See pp. 31-32
		<ul style="list-style-type: none"> Waste reduction Recycling 		<ul style="list-style-type: none"> Final disposal volume of industrial waste Final disposal rate of industrial waste 	<ul style="list-style-type: none"> See P32
S	<ul style="list-style-type: none"> Ensuring a stable supply of energy Occupational health and safety 	<ul style="list-style-type: none"> Enhancing safety, health, and security management 		<ul style="list-style-type: none"> Ongoing improvement through safety, health, and security management systems Safety Day (efforts to prevent lapses in accident awareness) Use of new digital technologies Accident- and injury-free operations campaign Hazard prediction activities, near-miss activities Site patrols using a safety coach system Work-related accident frequency rate, work-related accident severity rate 	<ul style="list-style-type: none"> See pp. 27-28
		<ul style="list-style-type: none"> Responding to emergencies 	 	<ul style="list-style-type: none"> Drills with local fire departments, joint disaster prevention Comprehensive Group-wide disaster prevention training Comprehensive business continuity training, Tsunami Disaster Prevention Day training 	<ul style="list-style-type: none"> See pp. 27-28, 35
	<ul style="list-style-type: none"> Working for the benefit of all stakeholders 	<ul style="list-style-type: none"> Contributing to local communities 	 	<ul style="list-style-type: none"> Agreement with Sodegaura City to supply fuel to fire engines, etc., in times of disaster Cleanup activities Active participation in local events 	<ul style="list-style-type: none"> See P35
		<ul style="list-style-type: none"> Overseas technical tie-ups 		<ul style="list-style-type: none"> Opinion exchange with inspection teams including officials from environmental departments of governments in oil-producing countries 	<ul style="list-style-type: none"> See P32
		<ul style="list-style-type: none"> Conserving biodiversity 		<ul style="list-style-type: none"> Chiba Environmental Restoration Fund 	<ul style="list-style-type: none"> See P35
G	<ul style="list-style-type: none"> Governance 	<ul style="list-style-type: none"> Corporate governance practices 		<ul style="list-style-type: none"> Evaluation of effectiveness of Board of Directors 	<ul style="list-style-type: none"> See pp. 42-44
	<ul style="list-style-type: none"> Compliance 	<ul style="list-style-type: none"> Promoting compliance 		<ul style="list-style-type: none"> Activities of Corporate Ethics Committee Establishment of help line 	<ul style="list-style-type: none"> See P44

SAFETY

Policies for Safety and the Environment

To continue to provide a stable supply of petroleum products and other energy resources, it is essential to maintain an awareness of the need for environmental conservation and to take independent, proactive steps to address environmental issues, while giving due consideration to safe, accident- and injury-free operations. Our stance is to put top priority on allocating management resources appropriately to ensure the health and safety of the people who work for us. This thinking lies behind our Corporate Philosophy of maintaining safety and protecting the natural environment. In addition, we have formulated the following policies for safety and the environment to guide the head office and refinery in working together to promote specific safety and environment initiatives in the fiscal year ending March 2024.

All officers and employees will take the following actions:

- Recognizing that ensuring safety and preserving the natural environment are top management issues, we will work to further foster a culture of safety and environmental awareness under management's decisive leadership. We will also further promote education and training for our employees and the employees of partner companies, and work together with partner companies to further raise safety and environmental awareness.
- We will strive to ensure accident- and injury-free operations and take rigorous measures to lower our environmental impact while complying with laws and regulations.
- We will achieve zero serious accidents and zero work-related accidents by ensuring and improving employees' autonomous safety capabilities, including through the proactive use of IoT, AI, and other digital technologies and other advanced technologies.
- We will strive to lessen risks by developing a framework for more sophisticated risk assessment and comprehensively identifying, analyzing, and evaluating risks inherent in the business. We will also reinforce business continuity capabilities to prepare against accidents or natural disasters.
- We will further develop and accelerate efforts to conserve energy and realize a low-carbon refinery. We will make steady headway with efforts to solve longer-term issues related to the natural environment, including the use of ammonia and the production of next-generation biofuels.

Overview of Safety Initiatives

The Sodegaura Refinery handles large quantities of hazardous materials and high-pressure gas. Our efforts to prevent injuries including monitoring operations, conducting on-site patrols, inspecting facilities and equipment, making repairs, and carrying out safety training. We have also formulated health and safety policies and security management policies for the refinery's operations, and will continue to work to improve these by implementing a PDCA cycle under our Safety, Health, and Security Management Plan for the fiscal year ending March 2024.

Efforts to Prevent Lapses in Accident Awareness on Safety Day

Fuji Oil has designated October 16 as Safety Day, a day to work intentionally for better safety and disaster prevention. The President addresses employees on this day, and we hold a comprehensive disaster prevention drill. As part of our efforts to prevent lapses in accident awareness, we work to boost safety and disaster prevention awareness by setting up exhibits about past accidents at the Sodegaura Refinery and convening Safety Day lectures by outside experts.



The President addresses employees



Comprehensive disaster prevention drill



Safety day lecture

Harnessing New Technologies

We are pursuing better safety and efficiency through the introduction of new technologies, seeking to continuously reinforce our level of security. For example, by introducing a diagnostic system that detects valve malfunctions early on, we are able to spot signs of abnormalities before they lead to a sudden failure. We also use drones to inspect the interiors of smokestacks and to conduct off-site inspections following an earthquake.

Furthermore, we are aggressively introducing wireless instrumentation, reinforcing on-site monitoring, and promoting the visualization of the operating status of facilities at the Sodegaura Refinery in an effort to achieve safer operations and more efficient maintenance. These initiatives were recognized in 2020 with an Excellence in Automation Award from the ISA100 Wireless Compliance Institute (ISA100 WCI).



Wireless sensors attached to facilities within the refinery



Off-site inspection using a drone

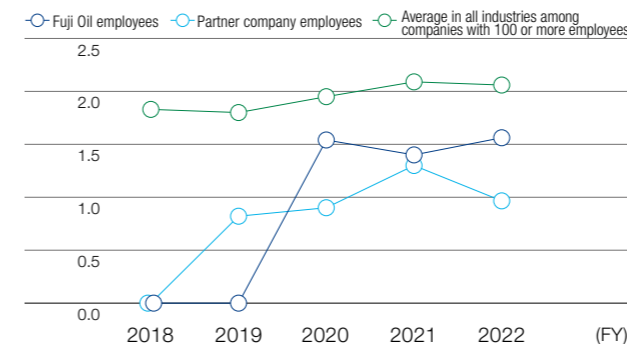
Work-Related Accidents

Ensuring the health and safety of the people who work for us is the top priority for Fuji Oil. The frequency rate, which represents the frequency of work-related accidents that occurred on the Sodegaura Refinery premises over the past five years, and the severity rate*1, which represents the severity of the accidents, are shown in the graph below.

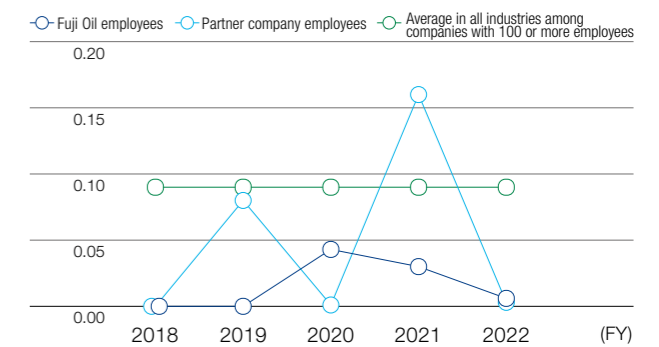
Safety activities in the fiscal year ended March 2023 included holding an accident- and injury-free operations campaign, hazard prediction and near-miss activities, and site patrols using a safety coach system. We are also striving to eliminate work-related accidents by conveying information on case studies and asking employees to verbally encourage safe work with their colleagues. We are also working to enhance the ability of employees to detect unsafe conditions and behaviors at work sites. Through these efforts, we will continue to pursue ongoing improvement of our health and safety management systems.

Work-related accidents

Frequency rate



Severity rate



*1 Frequency rate and severity rate are indicators used by the Ministry of Health, Labour and Welfare in evaluating accidents.
 Frequency rate (frequency of accidents) = Number of casualties due to work-related accidents ÷ Total number of actual working hours × 1,000,000
 Severity rate (degree of severity of accidents) = Total number of work days lost ÷ Total number of actual working hours × 1,000

Joint Roll-Out of High-Capacity Foam Fire Extinguishing System

Following a fire that occurred at a floating roof tank in Hokkaido in 2003, the Japanese government revised the Petroleum Complex Disaster Prevention Act, requiring facilities with floating roof tanks 34 meters or more in diameter to be equipped with a high-capacity foam fire extinguishing system.

After forming the Keiyo Rinkai Chubu Area Joint Disaster Prevention Council with four other adjacent companies, Fuji Oil and the other companies on the council collaborated to jointly roll-out such a system at our Nakasode Crude Storage Base, and carry out regular emergency response drills there. Furthermore, in the fiscal year ended March 2023, we overhauled our facilities to be able to respond even in the event of a large-scale disaster.



Training using the high-capacity foam fire extinguishing system

Earthquake, Tsunami Response Measures

We have put a business continuity plan in place to fulfill our responsibility to provide a stable supply of petroleum products in the event of a major earthquake, such as a quake that strikes directly beneath the Tokyo metropolitan area. Since the fiscal year ended March 2015, we have been conducting yearly comprehensive business continuity training with the aim of achieving more effective business continuity planning. In the fiscal year ended March 2023, due to concerns over COVID-19, we conducted training using a web-based system.

In addition, on Tsunami Disaster Prevention Day, we conduct trial runs of emergency generators, train employees on handling drum shipping facilities, make test calls on satellite phones, and take other actions in preparation for a major earthquake.



Comprehensive business continuity training



Training in handling drum shipping facilities

ENVIRONMENT

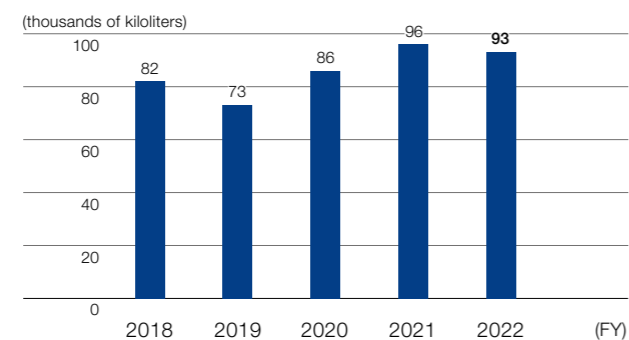
Policies for Safety and the Environment

Overview of Environmental Initiatives

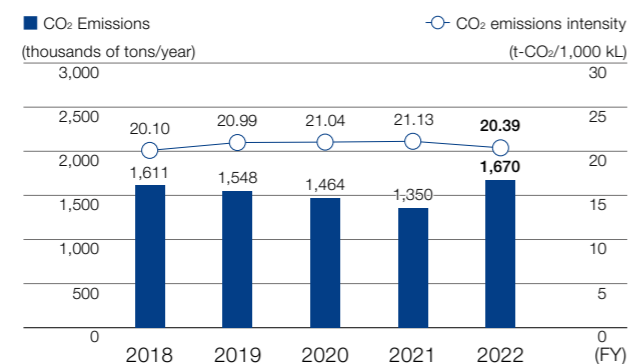
The notion of “safety” in our Corporate Philosophy of maintaining safety and protecting the natural environment includes not only the safety of operations at the Sodegaura Refinery but also means that we supply safe products. Furthermore, it means that Fuji Oil will become a company that is attuned to the natural environment as a whole. We are working to supply petroleum products that have a low environmental impact at use, and have begun supplying sulfur-free gasoline and gas oil (sulfur content (mass) of less than 10ppm) ahead of changes to legal regulations. Along with these efforts, we have worked to cut emissions of sulfur oxides (SOx), nitrogen oxides (NOx), and particulates.

In addition, in response to government-led measures to prevent global warming, we supply regular and premium (high-octane) gasoline containing bio-ETBE, synthesized from plant-derived bioethanol and petroleum gas isobutene.

Volume of Bio-ETBE Contained in Products

CO₂ Emissions Associated with Sodegaura Refinery Operations

In accordance with Japan's Act on the Rational Use of Energy, we regularly report the amount of CO₂ emissions generated from the consumption of energy such as fuel, electricity, and steam during the oil refining process. Annual CO₂ emissions are shown below. We are striving to cut CO₂ emissions by means of ongoing energy conservation activities and investment.

CO₂ Emissions

Greenhouse Gas Emissions in the Supply Chain

Fuji Oil engages in the oil refining and sales business. This means that, compared with CO₂ emissions associated with refinery operations themselves (Scope 1 and 2), CO₂ emissions are significantly higher during the production of crude oil, our main raw material, and at the time our products are used by customers (Scope 3). The Third Medium-Term Business Plan formulated in May 2021 sets out several targets to guide our efforts to help bring about a carbon neutral society by 2050. In the fiscal year ending March 2031, we aim to reduce annual CO₂ emissions (Scope 1 and 2) emitted by our own business by more than 20% compared to the fiscal year ending March 2015. Over the longer term, we are targeting net-zero CO₂ emissions from our own operations by the fiscal year ending March 2051. Meanwhile, we are striving to make the energy we supply low-carbon.

We have calculated reported CO₂ emissions for the fiscal year ended March 2022 in accordance with Japan's Act on Promotion of Global Warming Countermeasures. In addition, in line with the Greenhouse Gas Protocol, we calculated greenhouse gas emissions across the entire supply chain as well as CO₂ emissions from the refinery. These calculations for the fiscal year ended March 2022 are shown below.

CO₂ Emissions by Scope

Scope	Category	CO ₂ emissions (t-CO ₂)	Proportion of total (%)	
Scope 3	Upstream activities	1 Purchased goods and services	2,072,713	10.88
		2 Capital goods	36,788	0.19
		3 Fuel-related emissions not included in Scope 1 or 2	9,096	0.05
		4 Upstream transportation and distribution	37,255	0.20
		5 Waste generated in operations	7,236	0.04
		6 Business travel	91	0.00
		7 Employee commuting	298	0.00
		8 Upstream leased assets	—	—
Scope 1, 2	Fuji Oil emissions	1,423,540	7.48	
Scope 3	Downstream activities	9 Downstream transportation and distribution	522,715	2.74
		10 Processing of sold products	—	—
		11 Use of sold products	14,418,966	75.69
		12 End-of-life treatment of sold products	520,902	2.73
		13 Downstream leased assets	—	—
		14 Franchises	—	—
		15 Investments	—	—
Total		19,049,600	100.00	

Note: Fuji Oil emissions (Scope 1 and 2 in the table) are calculated based on the Greenhouse Gas Protocol. The calculation method differs from the actual results of CO₂ emissions trends mentioned above.

ENVIRONMENT

Policies for Safety and the Environment

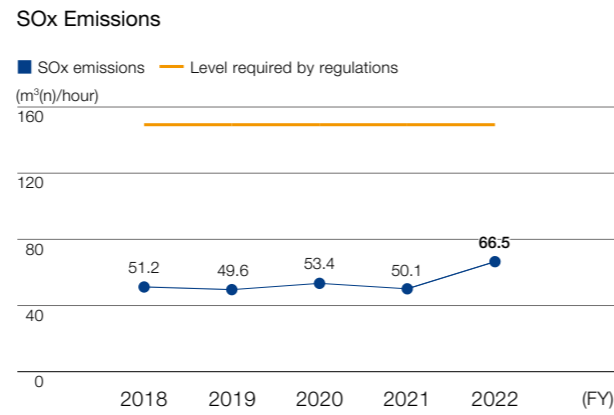
Preventing Air and Water Pollution

We take various environmental measures to contain emissions of air pollutants such as sulfur oxides (SOx), nitrogen oxides (NOx), and soot and dust generated from the boilers and heating furnaces at the Sodegaura Refinery. We recover sulfur content removed during the refining process as liquid sulfur, which we ship as a product. We are conducting ongoing trials to recover nitrogen content as liquefied ammonia to be used in mixed combustion with crude oil-derived fuel in the refinery boilers. In addition, we treat NOx contained in boiler exhaust gas using flue gas denitrification equipment.

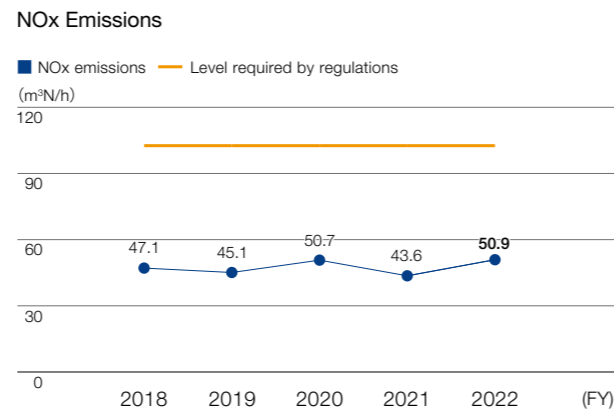
We also treat the various kinds of wastewater generated at the Sodegaura Refinery with microbial treatment equipment, coagulation sedimentation treatment equipment, and activated carbon adsorption treatment equipment. As a result, we reduce chemical oxygen demand (COD), total nitrogen, total phosphorus, suspended solids, and other byproducts to levels well below what is required by regulations before discharging the water. Furthermore, we strive to conserve water resources, receiving industrial water from Chiba Prefecture for use in equipment cooling and recycling more than 96% of all cooling water used.



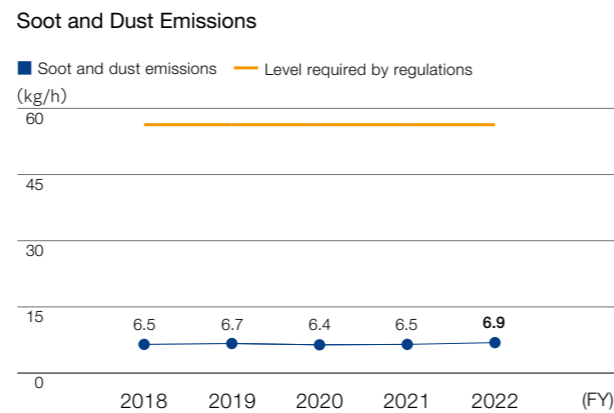
Sulfur recovery equipment



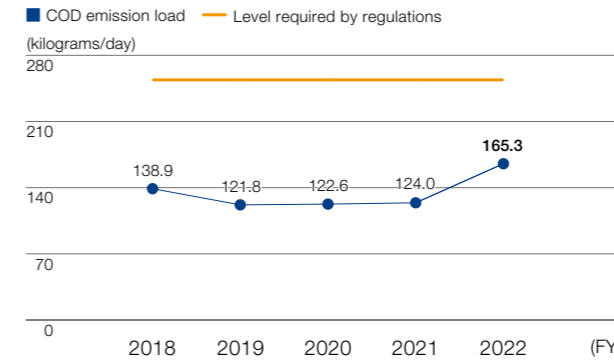
CO boiler flue gas denitrification equipment



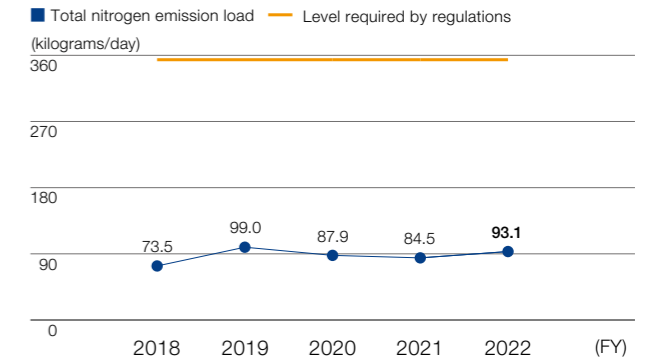
Dry electrostatic precipitator for No. 10 boiler power plant



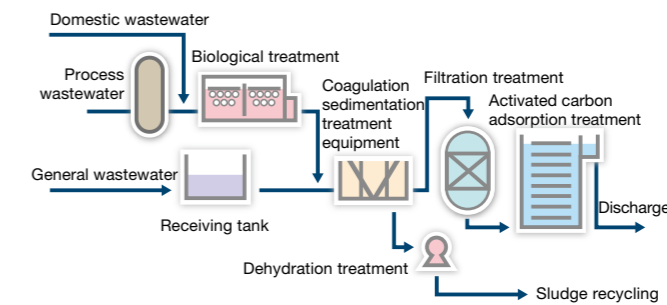
COD Emission Load



Total Nitrogen Emissions Load



Wastewater Treatment Equipment Diagram



Industrial Waste Measures

Industrial waste generated at the Sodegaura Refinery includes wastewater treatment sludge, waste oil, other sludge, waste catalysts, waste acids, waste alkalis, and heat insulation and metal scraps. The Petroleum Association of Japan has set a goal of reducing the final disposal volume of industrial waste (the volume of industrial waste that cannot be recycled and is sent to landfills) by 96% in the fiscal year ending March 2026 compared to the fiscal year ended March 2001. We have set a further goal of maintaining and continuing a final disposal rate of 1% or less (zero emissions). As a result of our efforts to reduce and recycle industrial waste, we have maintained a final disposal rate of 0% since the fiscal year ended March 2013.

FY	Final disposal volume of industrial waste (tons)	Final disposal rate (%)
2018	0	0.00
2019	0	0.00
2020	0	0.00
2021	0	0.00
2022	0	0.00

Technical Cooperation with Overseas Entities

Since 2015, inspection teams including officials from environmental departments of governments in oil-producing countries and foreign oil and gas companies have been visiting the Sodegaura Refinery, touring its environmental response facilities. Through exchanges of opinions with our environmental team regarding efforts to lessen environmental impact, both we and our visitors are gaining more extensive knowledge of environmental conservation. In 2020 and 2021, participants from around the world exchanged information and opinions online due to COVID-19, but site tours at the refinery resumed in the fiscal year ended March 2023.

RESPONSE TO TCFD RECOMMENDATIONS

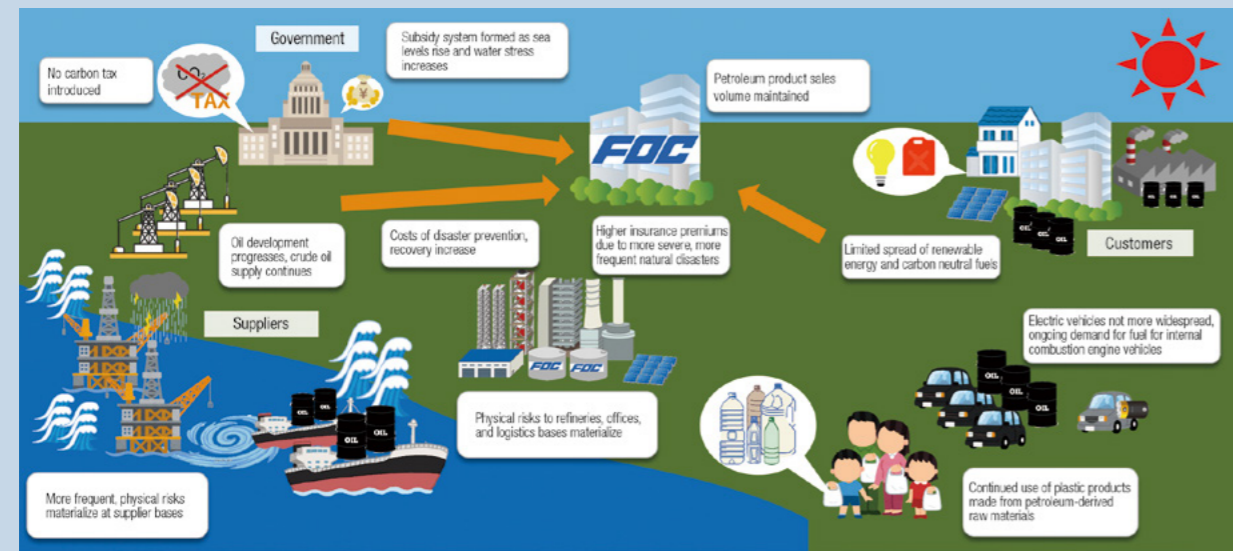
Response to TCFD Recommendations (Climate Change Response) Scenario Definitions

We endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in July 2021. In addition, we applied to join the Ministry of the Environment's Project to Analyze Scenarios of Climate Risks and Opportunities in Accordance with TCFD, and were selected as a company eligible for support. Regarding the scenario analysis recommended as a strategy item in the TCFD requirements, we evaluated degrees of risk, defined a set of scenarios, and evaluated business impact as we considered the future direction of our efforts. Going forward, we will further develop our scenario analysis to inform management strategies, while actively making disclosures based on TCFD recommendations.

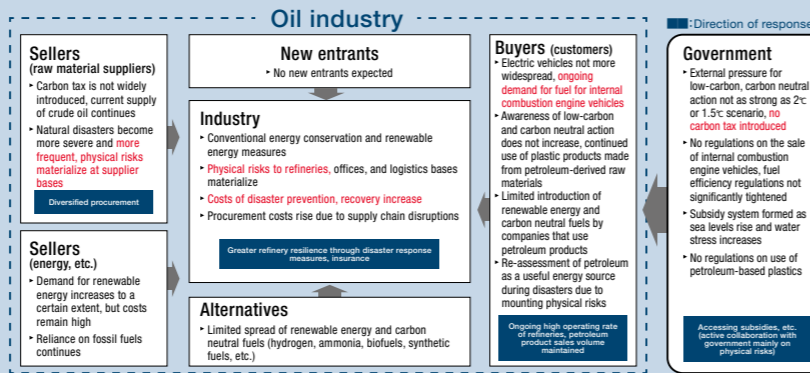
Scenario assumptions We selected 4°C and 1.5°C temperature rise scenarios in 2050 as the premise for scenario analysis.

We assessed degrees of risk and business impact and considered response measures.

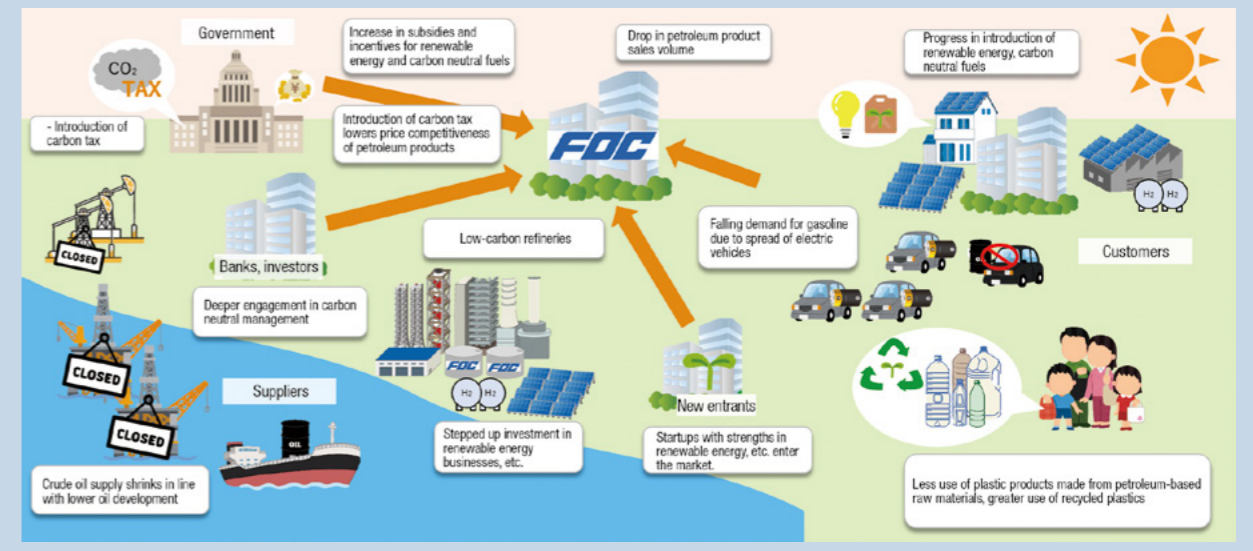
View of the world in the 2050s with a 4°C temperature rise



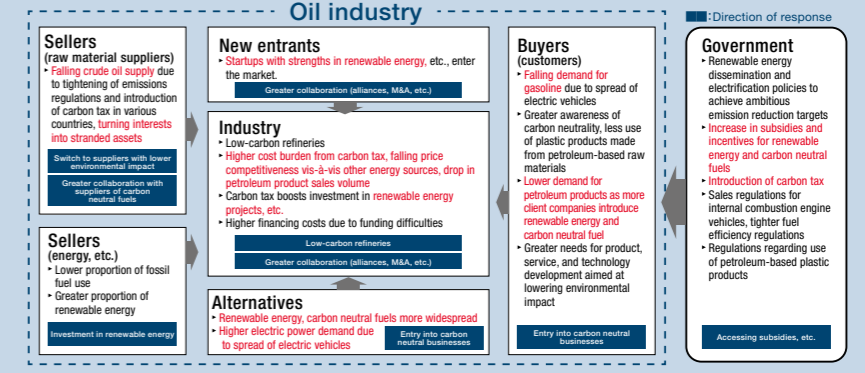
Low-carbon and carbon neutral initiatives are not pursued and physical risks mount



View of the world in the 2050s with a 1.5°C temperature rise



Amid mounting external pressure for carbon neutrality, progress in reducing carbon content of refineries and transitioning to carbon neutral fuels



Risks and Opportunities

Risk type	Main category	Subcategory	Expected business impact		Degree of importance
			Risks	Opportunities	
Transitional	Policies, regulations	Introduction of carbon tax or other carbon prices	<ul style="list-style-type: none"> Higher costs due to introduction of carbon tax, etc. Drop in sales amid falling demand for petroleum products due to higher costs mentioned above, etc. 	—	High
	Technology	Technological progress	<ul style="list-style-type: none"> Falling demand for petroleum products due to advances in electric vehicle and energy-saving technologies 	<ul style="list-style-type: none"> Greater energy efficiency through introduction of leading-edge energy-saving technology Introduction of carbon neutral technology, supply of synthetic fuels, etc. 	
	Market and reputation	Changes in customer behavior, product demand	<ul style="list-style-type: none"> Falling demand for petroleum products due to growing environmental awareness (spread of electric vehicles, greater introduction of renewable energy, lower use of petroleum-derived plastics, etc.) 	<ul style="list-style-type: none"> Rising demand for energy with low environmental impact (renewable energy, ammonia, hydrogen, biofuels, synthetic fuels, etc.) Higher demand for products made from waste plastic oil chemical recycling, etc. 	
Physical	Acute	Increasing severity and frequency of natural disasters	<ul style="list-style-type: none"> Lower operating rates of production facilities and higher costs of repairs due to severity and frequency of natural disasters 	<ul style="list-style-type: none"> Higher demand for fuel oil due to re-assessment of the usefulness of liquid fuel (portability, ease of storage, mobility) in the event of a disaster 	

Evaluation of Business Impact

Summary of impact	Impact			
	4°C		1.5°C	
	2050	2030	2050	2030
Changes in product demand	+	—	—	—
Higher costs	N/A	+	—	+
	N/A	—	—	—
	—	—	—	—

Initiatives Going Forward

In light of the findings of our scenario analysis, our actions going forward will include consideration of elements to be added to the current business strategy, regular monitoring of risks and opportunities, and exploration into building a framework for advanced scenario analysis.

Over the long term, we will continue to conduct and improve our scenario analysis, formulate response measures, and reflect these in our business strategies. We will also work to further enhance corporate value by expanding the scope of disclosure based on stakeholder feedback.

RELATIONS WITH LOCAL COMMUNITIES

Relations with Local Communities

Basic Approach

Striving to work for the benefit of all stakeholders, one of the values in our Corporate Philosophy, we actively participate in local events as a member of the local community to cultivate mutual understanding. We also cooperate in regional economic promotion and development as members of various councils in Sodegaura City.

Local Contribution Activities

We carry out volunteer cleanup activities, including participating in Sodegaura waterfront area cleanup activities (held four times a year) and planning and carrying out our own cleanup activities (once a year). We also actively participate in local events (summer festivals, annual shrine festivals, etc.), and deepen communication with the local community through interaction with district representatives and local fire departments.



Contribution During Disasters

Typhoon No. 15 in September 2019 caused a large-scale power outage in Sodegaura City, making it difficult to refuel emergency response vehicles at refueling stations in the city.

To ensure a framework for supplying fuel to such vehicles in the event of a similar disaster down the road, Sodegaura City and our refinery in March 2020 announced an agreement to supply fuel to fire engines and other emergency response vehicles in the event of a disaster. In July that year, we carried out refueling training based on the agreement, and have continued to do so annually.



Fundraising and Donation Activities

Every year, we raise money for the Chiba Environmental Restoration Fund, which is used for the preservation and restoration of Chiba Prefecture's natural environment.

We also carry out community contribution activities, such as giving 161 children's books donated by our employees to a public nursery school in Sodegaura City.

We have also received letters of appreciation from local police stations for our contributions to local safety and collaboration.



Award from Chiba Environmental Restoration Promotion Committee

ENVIRONMENTAL INITIATIVES OF GROUP COMPANIES

Environmental Initiatives of Group Companies

Basic Approach

As part of Fuji Oil's drive to step up efforts toward achieving a carbon neutral society, our Group companies are leveraging their experience, knowledge, technologies, and assets to pursue a variety of environmental initiatives.

Clean Energy Supply through Solar Power Generation

Since June 2014, subsidiary Fuji Rinkai has been engaging in a solar power generation project (power generation capacity of 1 MW) using idle land on the premises of our Nakasode Crude Storage Base. This offers a clean energy supply and contributes to lowering our environmental burden.



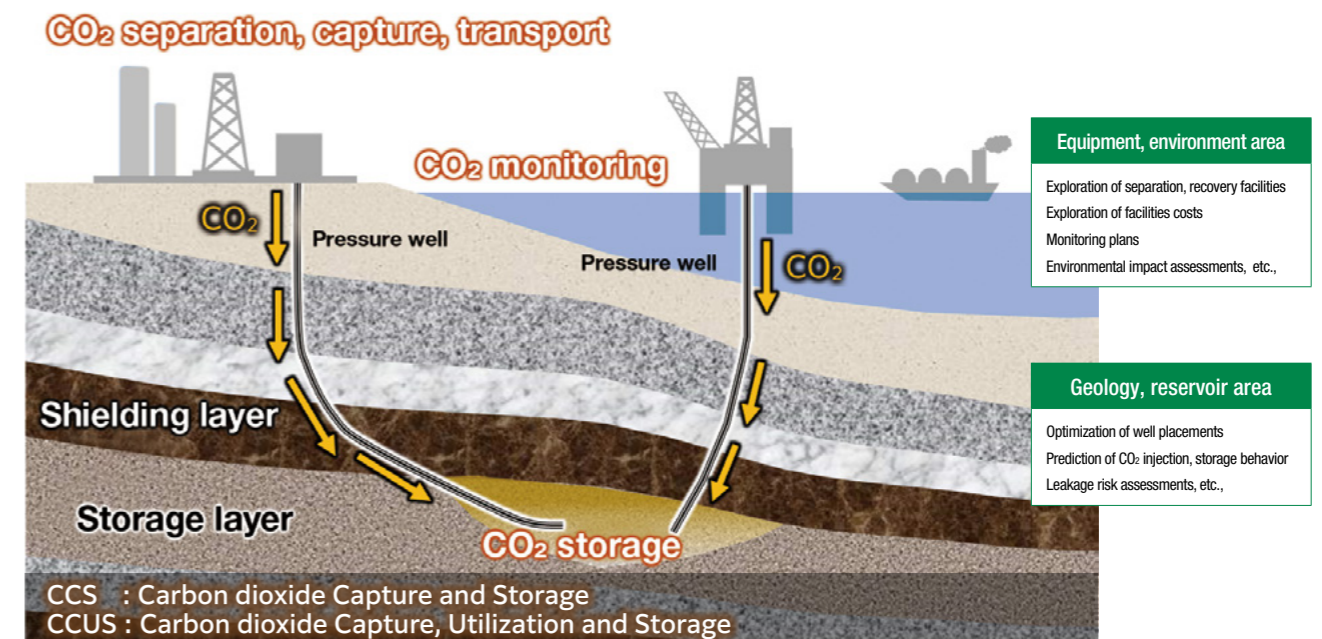
Contributing to a Carbon Neutral Society with Technology, Experience in Oil and Gas Development

Subsidiary Japan Oil Engineering (JOE) contributes in various ways to the achievement of a carbon neutral society by harnessing the technology, experience, and knowledge it has cultivated over many years in the oil and natural gas development area.

JOE has a particularly strong track record in the field of carbon capture and storage (CCS) technology, which involves separating and capturing CO₂ for geological storage, as well as in the field of carbon dioxide capture, utilization, and storage (CCUS), including enhanced oil recovery (EOR) and enhanced gas recovery (EGR) methods that use CO₂ for the enhanced recovery of oil and gas. Specifically, JOE is conducting various studies and research on CO₂ separation and capture technology and related transport and facilities, and is exploring and researching underground CO₂ behavior simulation and leakage monitoring technology. The company also offers numerous types of training in these areas in Japan and overseas.

In the field of geothermal energy development, JOE is also conducting R&D into carbon neutral technology that draws on reservoir simulation technology, such as analyzing hot-water and steam reservoirs and simulating heat dissipation. Furthermore, it is helping to preserve the natural environment and lower environmental impact in a variety of areas, including environmental impact assessments for offshore wind and geothermal power generation facilities; construction of health, safety, and environmental systems; support for formulating flare gas reduction plans for oil facilities; and carrying out air pollution surveys.

Schematic of CCS and Areas Where JOE Can Contribute

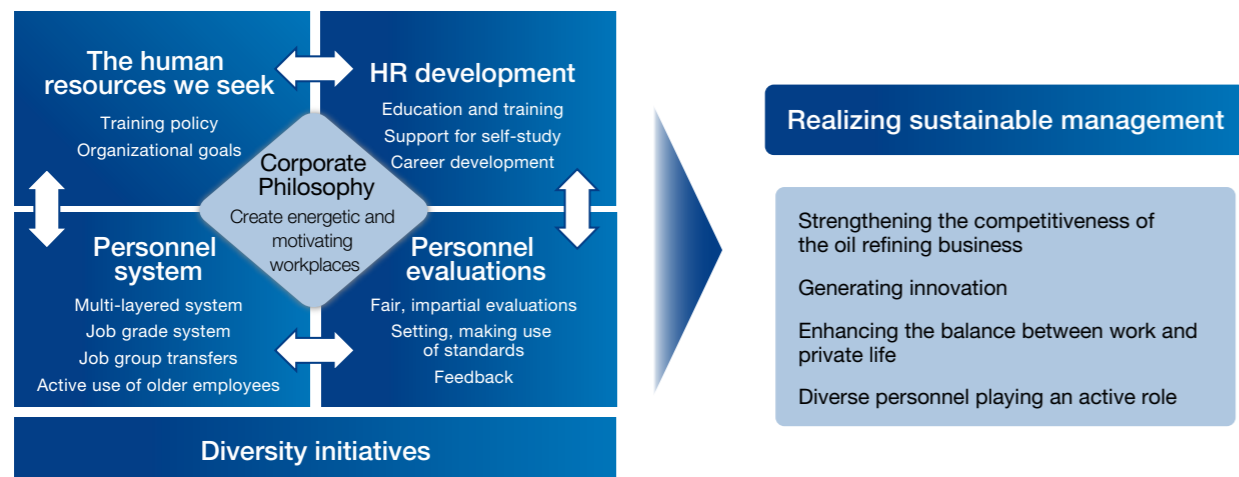


HUMAN RESOURCES

Human Resources

To enhance corporate value and achieve sustainable growth over the longer term, we are actively incorporating a variety of human resources and values while ensuring fairness. We recognize that it is vital for our diverse personnel to be both physically and mentally healthy and to play an active role in the business. In this context, the personnel system and HR development system that we overhauled over the fiscal years ended March 2020 to 2021 is yielding further productivity gains. We are also working to realize our Corporate Philosophy of creating energetic and motivating workplaces as we aim to achieve sustainable management.

Approach to Realizing Our Corporate Philosophy



The Human Resources We Seek and HR Development

We are putting management strategies in place to realize our Corporate Philosophy as we navigate a challenging business environment. Recognizing that the ability of all employees to work on their own initiative is crucial for both employees and Fuji Oil to continue growing, we have clarified our image of the kind of human resources we seek, and are working to gain understanding for this across the organization.

The Human Resources We Seek

Sharing, contributing	Personnel who understand and affirm the Corporate Philosophy, Charter of Corporate Behavior, and the vision of management and help to achieve the goals of the organization.
Autonomy, embracing challenge	Personnel who have a broad perspective, can identify change, consider what needs to be done, embrace challenges without fear of failure, and execute tasks enthusiastically, seeing them through to completion.
Sound character	Personnel with sound character who are disciplined and adhere to high ethical standards, who respect the individuality and values of others, and who are thoughtful in collaborating with others.
Expertise, technical skills	Personnel with a high level of expertise and technical skills who aspire to personal growth.

To cultivate such personnel, we have established training systems tailored to different job types and positions. While always offering appropriate training opportunities, we are pursuing ongoing improvement in the personnel system by incorporating a broad range of opinions from management, our various workplaces, and employees. In addition to technical skills, we are working to hone the non-technical skills necessary to further enhance organizational capabilities.

Personnel System, Personnel Evaluations

Personnel System

Multi-layered personnel system	We have identified three job groups—generalist, expert, and assistant—based on the work required of employees.
Job grade system	We define job grades based on the roles required for each job group, set roles and evaluation standards for each grade, and then carry out evaluations and decide remuneration and upward or downward moves.
Job group transfer system	To support diverse career paths and create opportunities to take on new challenges, we have established a system in which candidates can transfer job groups if they demonstrate ability and drive.

In addition, to capitalize on the experience of senior employees and enable them to serve even more actively as a driving valuable force for the Company, we outlined detailed promotion paths adjusted to the role, experience, ability, and motivation of each individual. We have also introduced a system that allows employees to choose flexible working styles to match their life situation. In addition, we have established and make use of fair and impartial standards for personnel evaluations and reflect these appropriately in personnel systems and HR development through individual feedback and by supporting employee growth.

Diversity Initiatives

Childcare and Long-Term Care Systems

We are encouraging use of the system of flexible working hours that we introduced to help employees balance work with childcare and long-term care as well as individual development. In addition, we extended our system of childcare and long-term care leave beyond what is legally required. We are also striving for a better balance between work and private life by enabling diverse working styles, including allowing employees to work remotely and making extensive use of digital technologies.

Childcare leave	In principle, leave can be taken until the child reaches their first birthday
Shortened working hours for childcare	Employees can choose to work shorter hours until the end of the fiscal year when their child enters the first year of elementary school
Long-term care leave	Up to 365 days leave can be taken
Accumulation of paid leave	Employees can take up to 25 days of unused paid leave for purposes such as long-term care for family members, child-rearing, or volunteer activities, in addition to work-related injuries

Employment of People with Disabilities

Our approach to employing people with disabilities goes beyond placements and making reasonable accommodations according to the nature of the disability. We have also put measures in place such as expanding the framework for consulting with our corporate health staff (industrial physicians, contract physicians, public health nurses, etc.) and extending the number of vacation days to allow for hospital visits and other needs.

Training Programs to Create Awareness of Diversity in the Workplace

Aiming to create a workplace where diversity is mutually accepted, we are promoting various ongoing employee training programs. These programs incorporate the following elements:

Improving communication skills	We hold communication training for each job level to facilitate smooth communication between employees with various backgrounds
Leadership that respects diversity	We hold training for leaders to develop leadership styles that respect diversity
Career autonomy for senior employees	We hold training to raise awareness about future career paths, such as how to overcome and move forward beyond life transitions as a senior employee
Smooth on-boarding of mid-career hires	We provide on-boarding training to help mid-career hires acquire basic knowledge of the oil industry, including our Corporate Philosophy and history, to help them quickly get used to the workplace and live up to their full potential.

Women's Empowerment

Recognizing that the active participation of women is vital to the sustainable growth of a company, we have put in place measures such as assigning female staff to all workplaces, including manufacturing sites, and cultivating the next generation of female candidates for managerial positions.

To create an environment in which women can thrive, we also provide opportunities to exchange opinions not only within the Company but also with women from other companies in the oil industry regarding day-to-day challenges and the development of good work practices. We share opinions and suggestions made at these meetings with the department to which attendees belong as well as with the Human Resources Department, where they are used as a reference for changes to systems and various other measures.

Other training opportunities include the following.

Career support program	External training for women aimed at acquiring leadership and management skills to support their careers
Emphasis on work-life balance	Training on creating an environment that encourages a balance between home life and work
Harassment prevention training	Ongoing harassment prevention training to build a greater sense of security in the workplace

While continuing to pursue these activities, we set a goal of raising the proportion of female employees to 30% or more in the fiscal year ending March 2026, in accordance with the action plan of Japan's Act on Promotion of Women's Participation and Advancement in the Workplace. Another goal was to appoint at least one woman to a management position. Although we have already achieved our goal for the female manager, we will continue striving to promote women to even higher managerial and executive level positions.



DIRECTORS, AUDIT & SUPERVISORY BOARD MEMBERS, AND EXECUTIVE OFFICERS

Directors, Audit & Supervisory Board Members,

Directors (as of June 28, 2023)

Shigeto Yamamoto

Representing Director,
President

1981.4 Joined former FOC
2012.7 General Manager (Marketing & Supply Dept.), former FOC
2013.7 Associate, General Manager (Marketing & Supply Dept.), former FOC
2013.10 Associate, General Manager (Marketing & Supply Dept.), the Company
2014.6 Director, General Manager (Marketing & Supply Dept.), the Company
2017.6 Managing Director, the Company
2020.6 Senior Managing Director, the Company
2021.6 Representing Director, President, the Company [present]

Takumi Iwamoto

Director, Managing Executive Officer
General Manager of Sodegaura Refinery

1984.4 Joined former FOC
2011.6 General Manager, Administration Dept., Sodegaura Refinery, former FOC
2013.4 General Manager in charge of IR Dept., Legal Dept., and General Administration Dept., the Company
2013.10 General Manager in charge of IR & PR Group, General Administration Dept., the Company
2015.7 Associate, General Manager (Corporate Planning & Management Dept.), the Company
2017.6 Director, General Manager (Corporate Planning & Management Dept.), the Company
2018.6 Director, Japan Oil Engineering Company, Ltd. [present]
2019.6 Director, the Company
2021.6 Managing Executive Officer, the Company
2023.6 Director, Managing Executive Officer, General Manager of Sodegaura Refinery, the Company [present]

Atsuo Watanabe

Director, Executive Officer
[Corporate Planning & Management Dept. Safety & Environmental Protection Office]

1989.4 Joined Ministry of International Trade and Industry (now, Ministry of Economy, Trade and Industry (METI))
2014.7 Director, Reconstruction and Revitalization of Fukushima Office, Reconstruction Agency
2016.7 Director, General Coordination Office of Fukushima Reconstruction Promotion Group, METI
2017.7 Deputy Director-General for Policy Evaluation of Minister's Secretariat, METI
2018.7 Deputy Director-General for Export Promotion of Minister's Secretariat, Ministry of Agriculture, Forestry and Fisheries
2019.7 Vice Secretary-General for Secretariat of Intellectual Property Strategy Headquarters, Cabinet Office
2021.8 Retired from office
2021.11 Advisor, the Company
2022.6 Executive Officer, Deputy General Manager of Sodegaura Refinery [Supervisor], the Company
2023.6 Director, Executive Officer, the Company [present]

Takayuki Kawahata

Representing Director, Managing Executive Officer
[Technical Dept., Human Resource Development Dept.]

1983.4 Joined former FOC
2012.1 General Manager (Construction & Facility Maintenance Dept.), former FOC
2013.10 General Manager (Construction & Facility Maintenance Dept.), the Company
2015.7 Associate, Deputy General Manager of Sodegaura Refinery (in charge of Construction & Facility Maintenance Dept.), General Manager (Construction & Facility Maintenance Dept.), the Company
2017.6 Director, Deputy General Manager of Sodegaura Refinery, the Company
2019.6 Director, the Company
2021.6 Managing Executive Officer, the Company
2023.6 Representing Director, Managing Executive Officer, the Company [present]

Masayuki Tsuda

Director, Managing Executive Officer
[Finance & Accounting Dept.]

1985.4 Joined the Development Bank of Japan Inc. (DBJ)
2012.4 Head of Credit Analysis Dept., DBJ
2014.6 Executive Officer, Head of Human Resources Management Dept., DBJ
2017.6 Managing Executive Officer, DBJ
2019.6 Director, the Company
2021.6 Director, Executive Officer, the Company
2023.6 Director, Managing Executive Officer, the Company [present]

and Executive Officers

Outside Directors (as of June 28, 2023)

Hiroshi Maezawa

Outside Director

1986.4 Joined Idemitsu Kosan Co., Ltd. (IDEMITSU)
2010.7 Deputy General Manager, Hokkaido Refinery, IDEMITSU
2013.4 Executive Officer, General Manager, Tokuyama Refinery, IDEMITSU
2016.7 Executive Officer, General Manager, Chiba Plant, IDEMITSU
2017.10 Executive Officer, General Manager, Chiba Complex, IDEMITSU
2018.7 Senior Executive Officer, General Manager, Chiba Complex, IDEMITSU
2019.4 Senior Executive Officer, General Manager, Manufacturing & Technology, IDEMITSU
2020.6 Director, Toa Oil Co., Ltd.
2020.7 Managing Executive Officer, Manufacturing & Technology, IDEMITSU
2021.6 President, Showa Yokkaichi Sekiyu Co., Ltd.
2022.6 Director (Outside), the Company [present]

Ryo Sato

Outside Director

1981.4 Joined Sumitomo Chemical Company Limited (SCC)
2000.8 Group Manager, Agricultural Chemicals Research Laboratory, SCC
2008.1 Research Director, Agricultural Chemicals Research Laboratory, SCC
2009.4 Associate Officer, Research Director, Agricultural Chemicals Research Laboratory, SCC
2010.4 Associate Officer, General Manager, Planning and Coordination Office Agricultural Chemicals Sector, SCC
2011.4 Executive Officer, SCC
2014.4 Adviser, SCC
2014.4 Adviser, Taoka Chemical Co., Ltd. (TAOKA)
2014.6 President, TAOKA
2021.6 Counselor, TAOKA
2023.6 Director (Outside), the Company [present]

Mohammed Alshubrumi

Outside Director

2011.8 Joined the Law Office of Dr. Mohammed Darweesh Salamah
2014.6 Joined Khoshaim & Associates in cooperation with Allen & Overy
2017.6 Legal Advisor to HRH the Minister, Ministry of Energy, Government of Kingdom of Saudi Arabia
2021.6 Director (Outside), the Company [present]
2023.1 Legal Advisor and General Supervisor of HRH the Minister Office, Ministry of Energy, Government of Kingdom of Saudi Arabia [present]

Khaled Al-Sabah

Outside Director

1992.11 Joined Kuwait Petroleum Corporation (KPC)
2009.8 Manager, Bunker Sales Dept., KPC
2013.9 Manager, Naphtha/Mogas/LPG Sales, the head of LNG Negotiations Committee, KPC
2017.8 Manager, Planning and Marketing, KPC
2017.10 Deputy Managing Director, International Marketing Sales, KPC
2019.6 Director (Outside), the Company [present]
2022.11 Managing Director, International Marketing, KPC [present]
2022.11 Ag. CEO, Kuwait Oil Tanker Company [present]

Tomoko Sakamoto

Outside Director

2000.3 Received Diploma from the Legal Training and Research Institute of the Supreme Court of Japan
2000.4 Registered as a Japanese attorney-at-law
2000.4 Joined Kitahama Partners Attorneys and Counselors at Law
2003.10 Joined Yanagida & Nomura Attorneys and Counselors at Law
2006.11 Joined Iwata Godo Attorneys and Counselors at Law (IWATA GODO)
2011.7 Partner, IWATA GODO [present]
2015.6 Director (Outside), Yachiyo Bank, Ltd.

2018.12 Audit & Supervisory Board Member (Outside), FCE Holdings Inc. [present]
2019.6 Audit & Supervisory Board Member (Outside), the Company
2020.6 Audit & Supervisory Board Member (Outside), ARATA CORPORATION
2021.6 Director (Outside, Audit & Supervisory Committee Member), ARATA CORPORATION [present]
2022.6 Audit & Supervisory Board Member (Outside), SPACE SHOWER NETWORKS INC. [present]
2023.6 Director (Outside), the Company [present]

Audit & Supervisory Board Members (as of June 28, 2023)

Tomoo Fujisawa

Full-time Outside Audit & Supervisory Board
Member

1983.4 Joined Tokyo Electric Power Co., Inc. (now, Tokyo Electric Power Company Holdings, Inc. (TEPCO))
2007.7 Senior Manager, Coal Group, Fuel Department, TEPCO
2010.7 Senior Manager, Fuel Synthesis Group, Fuel Department, TEPCO
2011.10 Deputy General Manager, Fuel Department, TEPCO
2015.7 Fukushima Headquarters, Fuel and Power Company, TEPCO
2016.4 Fukushima Headquarters, TEPCO and Corporate Planning Office, TEPCO Fuel & Power, Inc.
2017.7 Joined Joban Joint Power Co., Ltd. (JOBAN)
2018.6 Director, JOBAN
2023.6 Full-time Audit & Supervisory Board Member (Outside), the Company [present]

Satoshi Tomii

Outside Audit & Supervisory Board Member

1985.4 Joined The Japan Development Bank (now, Development Bank of Japan Inc. (DBJ))
2009.6 Head of Strategic Finance Group, DBJ
2010.5 Executive Officer, Head of Strategic Finance Group, DBJ
2011.6 Managing Executive Officer, Head of Strategic Finance Group, DBJ
2012.4 Managing Executive Officer, Head of Growth & Cross Border Investment Group, DBJ
2012.6 Managing Executive Officer, Investment Arm Head, Head of Growth & Cross Border Investment Group, DBJ
2014.3 Managing Executive Officer, General Manager, Growth & Cross Border Investment Division, DBJ
2014.10 Managing Executive Officer, Investment Arm Head, DBJ
2015.6 Director, Managing Executive Officer, Chief Investment Officer, DBJ
2016.6 Director (Outside), World Co., Ltd.
2019.4 Director, Japanese Association of Turnaround Professionals [present]
2019.10 Director, Managing Executive Officer, DBJ Japan Economic Research Institute Inc.
2020.6 Representative Director, Chairman of DBJ Investment Advisory Co., Ltd. [present]
2022.6 Director (Outside), Japan Post Insurance Co., Ltd. [present]
2023.6 Audit & Supervisory Board Member (Outside), the Company [present]

Koichi Chikaraishi

Outside Audit & Supervisory Board Member

1980.4 Joined Nippon Yusen Kabushiki Kaisha (NYK)
2003.4 General Manager of Petroleum Product and LPG Group, NYK
2006.4 General Manager of Forest Products Group, NYK
2009.4 Corporate Officer, General Manager of Forest Products Group, NYK
2010.4 Corporate Officer, General Manager of Panamax Fleet Management Group, NYK
2012.4 Managing Corporate Officer, NYK
2012.6 Director, Managing Corporate Officer, NYK
2013.4 Representative Director, Senior Managing Corporate Officer, NYK
2019.4 Director, NYK
2019.6 Advisor, NYK [present]
Audit & Supervisory Board Member (Outside), the Company [present]
Director (Outside), Murakami Corporation [present]
2022.6 Director (Outside), The Shibusawa Warehouse Co., Ltd. [present]

Mutsumi Kanai

Outside Audit & Supervisory Board Member

1992.10 Joined Asahi Shinwa & Co. (now, KPMG AZSA LLP (KPMZ AZSA))
2011.6 Associate Partner, KPMG AZSA
2021.7 Representative, Mutsumi Kanai Certified Public Accountant Office [present]
2021.7 Director (Outside), Nhosa Corporation
2022.12 Supervisory Director, JR East Private Reit, Inc. [present]
2023.6 Audit & Supervisory Board Member (Outside), the Company [present]

Executive Officers (as of June 28, 2023)

Kenichi Terao

Managing Executive Officer
[Human Resources Dept.]

Toshiya Ishizuka

Executive Officer Deputy General Manager of Sodegaura Refinery [Construction & Facility Maintenance Dept., Safety & Environmental Protection Dept., TPM Promotion Office] General Manager of TPM Promotion Office

Hiroshi Hisa

Executive Officer
General Manager of Production Management Dept.

Daiki Imai

Executive Officer
General Manager of Refining Dept., Sodegaura Refinery

Takahiko Yamamoto

Managing Executive Officer
[Marketing & Supply Dept.]

Masahiro Hirano

Executive Officer
General Manager of Corporate Planning & Management Dept.

Motohiro Nakayama

Executive Officer
General Manager of General Administration Dept.

DIRECTORS, AUDIT & SUPERVISORY BOARD MEMBERS, AND EXECUTIVE OFFICERS

Directors, Audit & Supervisory Board Members, and Executive Officers

Skill Matrix

Board Members	Position, responsibility	Sex	Requisite knowledge and experience								
			Management strategy	Finance, accounting	Legal compliance	Human resources HR development	Technology, manufacturing IT, digital	Sales	Global perspective	ESG	
Directors	Shigeto Yamamoto	Representing Director, President	Male	●			●		●	●	
	Takayuki Kawahata	Representing Director, Managing Executive Officer [Technical Dept., Human Resource Development Dept.]	Male					●		●	●
	Takumi Iwamoto	Director, Managing Executive Officer General Manager of Sodegaura Refinery	Male	●	●	●					●
	Masayuki Tsuda	Director, Managing Executive Officer [Finance & Accounting Dept.]	Male		●		●		●	●	
	Atsuo Watanabe	Director, Executive Officer [Corporate Planning & Management Dept., Safety & Environmental Protection Office]	Male	●						●	●
	Hiroshi Maezawa	Outside Director (independent officer)	Male	●				●		●	●
	Ryo Sato	Outside Director (independent officer)	Male	●				●	●	●	
	Mohammed Alshubrumi	Outside Director (independent officer)	Male	●		●				●	
	Khaled Al-Sabah	Outside Director	Male	●					●	●	
	Tomoko Sakamoto	Outside Director (independent officer)	Female			●					●
Audit & Supervisory Board Members	Tomoo Fujisawa	Full-time Outside Audit & Supervisory Board Member (independent officer)	Male	●	●					●	
	Koichi Chikaraishi	Outside Audit & Supervisory Board Member (independent officer)	Male	●					●	●	
	Satoshi Tomii	Outside Audit & Supervisory Board Member (independent officer)	Male	●	●	●				●	●
	Mutsumi Kanai	Outside Audit & Supervisory Board Member (independent officer)	Female		●	●					
Executive Officer	Kenichi Terao	Managing Executive Officer [Human Resources Dept.]	Male	●		●	●				●
	Takahiko Yamamoto	Managing Executive Officer [Marketing & Supply Dept.]	Male	●	●	●			●	●	●
	Toshiya Ishizuka	Executive Officer Deputy General Manager of Sodegaura Refinery [Construction & Facility Maintenance Dept., Safety & Environmental Protection Dept., TPM Promotion Office] General Manager of TPM Promotion Office	Male					●			●
	Hiroshi Hisa	Executive Officer General Manager of Production Management Dept.	Male					●			●
	Masahiro Hirano	Executive Officer General Manager of Corporate Planning & Management Dept.	Male	●	●	●	●				●
	Daiki Imai	Executive Officer General Manager of Refining Dept., Sodegaura Refinery	Male					●		●	●
	Motohiro Nakayama	Executive Officer General Manager of General Administration Dept.	Male			●			●	●	●

CORPORATE GOVERNANCE

Corporate Governance

Approach

Fuji Oil aims to be a corporate group that can earn the trust and support of stakeholders across the breadth of society, including shareholders, customers, and local communities. To this end, we formulated the Corporate Philosophy and Charter of Corporate Behavior, which all Group officers and employees work together to put into practice. From the perspectives of shareholders, customers, local communities, and other stakeholders, we consider properly formulating and implementing corporate governance to be one of our most critical management issues in terms of making transparent, fair, prompt, and bold decisions to achieve sustainable growth and enhance longer-term corporate value. Our governance is based on the following five principles.

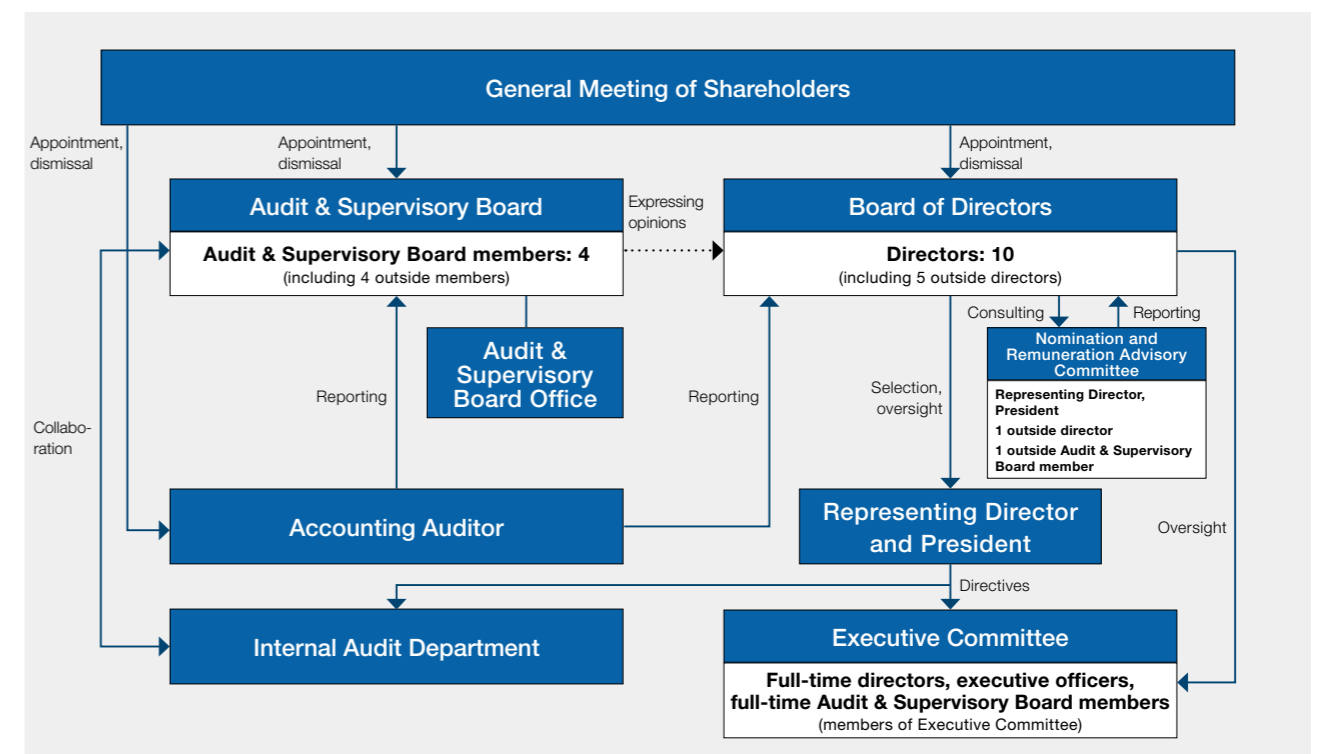
1. We will take appropriate measures to fully secure shareholder rights, while creating an environment in which shareholders can exercise their rights appropriately and ensuring equal treatment among shareholders.
2. We will strive to cooperate appropriately with a range of stakeholders, including customers, employees, and local communities.
3. We will make appropriate disclosure in compliance with laws and regulations, working proactively to provide disclosure beyond what is required. This includes financial information on our financial position and business results, as well as non-financial information related to management

4. The Board of Directors will set the direction for corporate strategy, foster an environment that supports appropriate risk-taking, and provide effective oversight of our management team and directors.
5. We will actively engage in constructive dialogue with shareholders with the aim of achieving sustainable growth and enhancing corporate value over the longer term.

Board of Directors

The Board of Directors makes decisions on basic management policies, matters stipulated by laws and regulations and our Articles of Incorporation, and other key management issues, and oversees the execution of duties by directors. Outside directors provide valuable opinions and advice to management drawing on their extensive insight and wide-ranging perspectives, and oversee management from an outside perspective. As of June 28, 2023, the board consisted of ten directors, including five outside directors. Four of the five outside directors are considered to be independent officers as stipulated in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange (Hiroshi Maezawa, Ryo Sato, Mohammed Alshubrumi, and Tomoko Sakamoto).

Corporate Governance Framework (as of June 28, 2023)



CORPORATE GOVERNANCE

Corporate Governance

Nomination and Remuneration
Advisory Committee

We established a Nomination and Remuneration Advisory Committee on June 26, 2019 to serve as a voluntary body advising the Board of Directors. The committee currently consists of one full-time director (Shigeto Yamamoto), one outside director (Hiroshi Maezawa), and one outside Audit & Supervisory Board member (Koichi Chikaraishi).

Approach to Ensuring the Independence of
Committee Makeup

The Nomination and Remuneration Advisory Committee is made up of three or more members, the majority of whom must be outside directors or outside Audit & Supervisory Board members who meet the independence criteria established by the Company. Also, from the perspective of ensuring transparency, objectivity, and more robust independence, the chair is chosen from among members who are independent officers by a resolution of the committee.

Policy for Appointing Directors

The Nomination and Remuneration Advisory Committee, made up of a majority of outside officers, has formulated a policy for the selection of director candidates, and aims to appoint candidates for director who have the qualities to serve as a role model for employees, including knowledge in a range of fields, expertise, and leadership skills.

Policy for Selecting Executive Directors

Candidates will:

- ① Understand Fuji Oil's management philosophy and have a vision for contributing to deliberations about the direction the Company should take.
- ② Possess advanced, specialized knowledge and the extensive experience required to manage an energy company.
- ③ Have the qualities to be able to serve as a role model for employees, and have excellent leadership skills for guiding the organization, such as directing and cultivating subordinates.
- ④ Have excellent foresight and insight into changes in the business environment for the Group and be able to work toward solving problems with a spirit of embracing challenges.

- ⑤ Be able to practice compliance, internal control, and risk management based on a high degree of self-discipline.

Policy for Selecting Outside Directors

Candidates will:

- ① Possess abundant experience and wide-ranging knowledge in fields such as corporate management, finance, financing, economics, accounting, tax matters, and legal affairs.
- ② Be able to take a broad view of the Group as a whole business based on their own experience and knowledge, providing timely and appropriate opinions and advice to the management team responsible for business execution.

Policy for Determining Individual Remuneration for
Directors and Other Officers

Summary of the Policy

The system of remuneration will be based on the roles, responsibilities, and achievements of directors and designated executive officers, with the principle of ensuring fairness and objectivity. Remuneration will reflect the management environment and performance of the Group. To enhance corporate value over the longer term and offer greater incentive for improving performance, it will consist of fixed remuneration, performance-based remuneration, and non-monetary remuneration (performance-based restricted shares). The amount of fixed remuneration will be determined in a way that reflects the role and responsibilities of each officer, using a standard amount based on position. Performance-based remuneration will be paid in cash if certain conditions are met based on performance indicators, such as the level of profit in consolidated financial results for the fiscal year. The payout rate will be determined based on the degree to which performance indicators are achieved and on a grant rate calculated from a position-based rate. Non-monetary remuneration will be granted when certain conditions are met for performance indicators determined in part by the Medium-Term Business Plan. Payment will take the form of Fuji Oil's common shares or a monetary claim to acquire common shares as contributed assets. The amount of common shares granted is calculated in line with a payout ratio based on the degree to which

performance indicators are achieved and the standard share price. The proportion of performance-based remuneration will increase depending on position and the degree of responsibility for business performance. The Representing Director and President determines the content of individual remuneration for directors and other officers within the scope of the proportions set for each type of remuneration, following the recommendations of the Nomination and Remuneration Advisory Committee. Remuneration for outside directors will be limited to fixed remuneration, from the perspective of ensuring the effective functioning of oversight functions, and will be determined at a reasonable level that takes into account individual circumstances.

Evaluation of the Effectiveness of
the Board of Directors

The Company conducted analysis and evaluation based on the results of a questionnaire regarding the effectiveness of the Board of Directors in the fiscal year ended March 2023, administered to all directors and Audit & Supervisory Board members. At the Board meeting held in May, we analyzed and evaluated the Board's effectiveness during the fiscal year. Some Board members pointed out the need to share and discuss information from the perspective of the Company's longer-term management direction and the risks related to refinery operations, such as the Medium-Term Business Plan and issues involving sustainability. There were also calls to provide a forum for discussion and exchanges of opinion on these issues, not limited to the Board of Directors. Overall, however, the Board's operation, deliberation, roles, and functionality received high evaluations, and the conclusion was that the effectiveness of the Board of Directors for the fiscal year was ensured. In light of these results, we will strive to further enhance the Board's effectiveness.

Training Policy for Directors and Audit & Supervisory
Board Members, Support Framework for Outside
Directors (Outside Audit & Supervisory Board
Members)

To ensure that directors and Audit & Supervisory Board members are able to fulfill their respective roles and responsibilities appropriately, we provide them with information about our business, organization, and finances, and offer training opportunities and host tours of our facilities as needed.

In addition to distributing materials to outside directors and outside Audit & Supervisory Board members in advance of Board of Directors meetings, we offer advance explanations as needed. We promptly notify outside officers when urgent decisions or critical business communications are required. We follow the same approach for meetings of the Audit & Supervisory Board for its outside members. Staff from the Secretariat Group of the General Administration Department and the Audit & Supervisory Board Office are also responsible for supporting outside officers.

Policy Regarding Constructive Dialogue
with Shareholders

To promote constructive dialogue with shareholders, we are working to develop a framework and take action in line with the following policies.

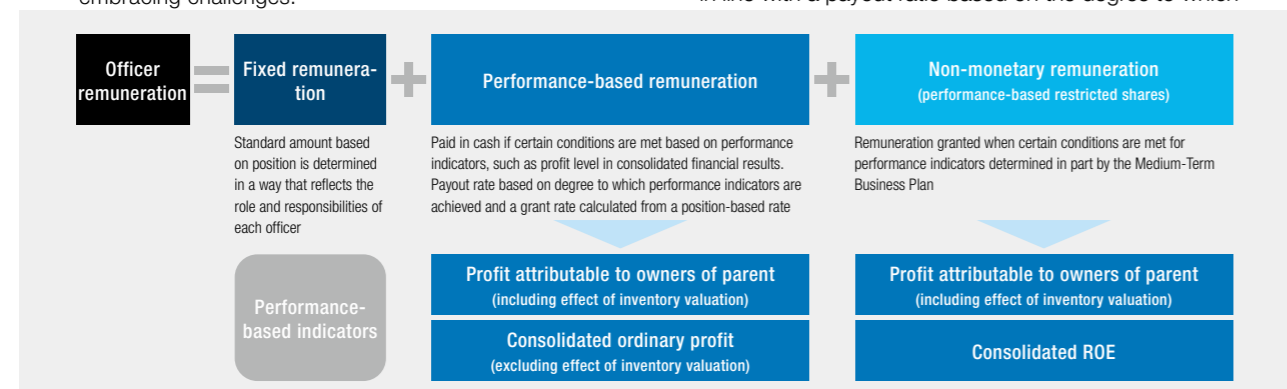
- (1) To support dialogue with shareholders, we will establish a specialized IR department and a Group-wide IR liaison meeting to make timely voluntary disclosure and disseminate information through the corporate website. In addition, we will respond accurately and fairly to inquiries and interviews from shareholders and investors.
- (2) We will hold financial results briefings and tours of the Sodegaura Refinery for analysts, and gain a greater understanding of Fuji Oil among general investors through the objective evaluations of analysts. After having been postponed due to COVID-19 concerns, tours of the Sodegaura Refinery resumed in the fiscal year ended March 2023.
- (3) We will report opinions and concerns from outside the Company to senior management in a timely fashion, seeking to share information that can inform management.
- (4) Based on our Guidelines for Key Disclosure, we will disclose key information that has a significant impact on the investment decisions of shareholders, investors, and other stakeholders in a fair, honest, timely, and appropriate manner.
- (5) We will appropriately manage insider information based on our Insider Trading Management Guidelines.

Compliance

Guided by our Corporate Ethics Guidelines, our compliance efforts include the establishment of a Corporate Ethics Committee, chaired by the executive officer in charge of the General Administration Department. The heads of each division of the Company and the corporate ethics officers of subsidiaries attend committee meetings, deliberating and examining key issues and ensuring thorough communication of these issues to further enhance compliance awareness in the Group. The committee met three times during the fiscal year ended March 2023 and hosted two lectures for all Group officers and employees based on the priority goals it set for the year. We also carried out various compliance activities with the aim of improving compliance awareness and knowledge, including an e-learning program for all Group officers and employees.

In March, we also held an annual corporate ethics general meeting to review activities of the previous year and confirm plans for the following year at the Company and our subsidiaries.

Furthermore, on multiple occasions, we communicated and explained the mechanism and function of the reporting helplines set up both at the head office and at the office of the Company's legal advisor to further raise awareness of this measure among employees.



BUSINESS RISKS

Risk Management

Developing a Risk Management Framework

Under our risk management framework, each Group division identifies comprehensive risks inherent in its sphere of operations based on our Risk Management Guidelines. We evaluate risks based on the nature, scale, and likelihood of damage that could occur if the risk materialized, and have established corresponding response measures. In addition, when a serious risk is foreseen, the officer in charge of the relevant department reports to the Representing Director and President and needed response measures are taken after consideration by the Board of Directors and Executive Committee. We promptly establish a crisis response headquarters if a serious risk materializes. We have also formulated a business continuity plan for responding to unforeseen situations like a major earthquake or pandemic, and work to maintain and regularly update the plan. In the fiscal year ended March 2023, given the need to ensure a

stable supply of petroleum products even in the event of a disaster, we conducted comprehensive business continuity training using the scenario of a large-scale earthquake. Following the outbreak of COVID-19, we established a COVID-19 task force headed by the Representing Director and President and implemented various measures to prevent the spread of infection under the task force's direction.

The department in charge of internal audits also carries out audits of our risk management framework, based on internal regulations. The department regularly reports audit results to the Board of Directors and the Audit & Supervisory Board. During the fiscal year ended March 2023, we audited three departments at the Company, and also administered two risk assessment questionnaires to all departments, reporting the results to the Board of Directors and the Audit & Supervisory Board.

Business and Other Risks

The key matters in Group businesses that we consider could have a potentially significant impact on investor decisions are as follows. Although the following discussion includes matters regarding the future, it is based on determinations made as of the end of the fiscal year ended March 2023. Moreover, business risks are not limited to these matters.

1. Risk of changes in legal regulations

The Group conducts business in accordance with domestic and international laws, regulations, environmental regulations, and other guidelines. Changes in these areas may affect the Group's business and results in the future.

2. Exchange rate fluctuation risk

The Group holds a portion of its assets and liabilities in US dollars. The Group also purchases many of its raw materials using US dollars. Although we strive to mitigate the impact of exchange rate fluctuations through currency hedging transactions, it is difficult to eliminate currency fluctuation risk altogether, and such fluctuations may affect the Group's business results.

3. Market fluctuation risk

When the prices of crude oil and other raw materials fall, inventory valuation losses occur due to the impact on inventory (the impact of inventory valuation using the gross average method and book value devaluation on the cost of sales), which pushes up the cost of sales. Additionally, petroleum product market conditions fluctuate significantly

in line with external factors such as supply and demand and crude oil price trends. To address the risk of market fluctuations, we rigorously manage our inventory of raw materials and manufactured products, while striving to contain market risk by appropriately implementing hedging measures, mainly for transactions that are affected by overseas market conditions and subject to market risk. However, it is difficult to eliminate market fluctuation risk altogether, and such fluctuations may affect the Group's business results. Changes in tanker market conditions may also affect business results.

4. Interest rate fluctuation risk

Because the Group carries long- and short-term interest-bearing debt, if interest rates rise, this will cause an increase in non-operating expenses. Regarding long-term interest-bearing debt, to mitigate the impact of interest rate fluctuations, we strive to fix interest rates through interest rate swap transactions and other measures. However, if interest rates fluctuate, this may affect the financial balance of the Group.

5. Operational risks due to disasters, accidents, etc.

The Fuji Oil Group has production facilities and offices in Japan as well as offices overseas. In the event of a breakdown in production facilities, information systems, or other infrastructure due to natural disasters or accidents, we may be forced to curtail or suspend production activities. We have developed a business continuity plan to address such situations, and have put a framework in place to ensure business continuity and an early recovery. However, if business activities are curtailed or suspended for an extended period of time, this may affect the Group's business results.

6. Risk from infectious diseases

As a key infrastructure business that is essential to ensuring the stability of people's lives and the economy, Fuji Oil's policy is to strive to continue the supply of petroleum products even in the event of an outbreak of infectious diseases like COVID-19. However, in the event that our officers or employees are found to be infected, we may be forced to scale down our business activities due to the need to take measures to prevent infection, such as limiting the number of people coming to work.

In addition, if an outbreak causes prolonged economic slowdown which has a significant impact on oil demand, this may seriously affect the Group's business results.

7. Raw material procurement risk

While the Group procures most of its crude oil from the Middle East, we also procure crude oil from other regions. Although we strive to diversify risks, if there are difficulties in procuring crude oil due to changes in the international political situation or other factors, this may affect the Group's business and results.

8. Risks related to the competitive environment

Demand for petroleum products in Japan continues to show a structural downtrend due to factors such as the declining birthrate and aging population and the more widespread use of fuel-efficient cars. If the capacity of oil refining facilities exceeds domestic demand, we may be exposed to intense domestic competition. Furthermore, although global oil demand is expected to make a robust rebound following the economic crisis brought about by the COVID-19 pandemic, several new large-scale, state-of-the-art refineries are slated to come online over the next few years, mainly in China, India, and the Middle East, operating at a scale that will

outpace the growth in oil demand. Depending on the progress of these projects, we expect an even more competitive environment. As a longer-term management strategy, the Group will strive to reinforce the base of the oil refining business, strengthen cost competitiveness, and establish a competitive advantage. However, mounting competition over demand for oil may affect the Group's business and results.

9. Climate change risks

Moves to achieve a low-carbon and carbon neutral society in consideration of the natural environment are making headway, mainly in developed countries, including through greenhouse gas reductions and energy conservation. Recognizing that it is our responsibility to society as well the most critical management issue for the future of the Fuji Oil Group to contribute to a low-carbon, recycling-oriented society, we will continue to step up efforts to achieve carbon neutrality as a longer-term management strategy. However, if demand for petroleum products declines faster than expected due to rapid progress in low-carbon or carbon neutral developments, this may affect the Group's business and results.

To prevent the materialization of risks that could have a significant impact on the Fuji Oil Group while responding appropriately to business crises and minimizing losses to the Group in the event of a business crisis, we have established Risk Management Guidelines that define the framework and action guidelines for risk management during normal times and responses in the event of a business crisis.

Specifically, in accordance with the risk management policy established by the Board of Directors, we will manage overall risk to the Group during normal times, while matters will be addressed under the direction of the President in the event of a business crisis.

FINANCIAL DATA

Financial Data

Consolidated Balance Sheet

	(Millions of yen)		(Millions of yen)	
	As of the end of the previous fiscal year (March 31, 2022)	As of the end of the fiscal year under review (March 31, 2023)	As of the end of the previous fiscal year (March 31, 2022)	As of the end of the fiscal year under review (March 31, 2023)
Assets				
Current assets				
Cash and deposits	11,388	12,463		
Notes and accounts receivable - trade	78,707	69,461		
Securities	100	-		
Inventories	117,862	119,288		
Accounts receivable - other	13,345	1,929		
Other	3,567	7,827		
Total current assets	224,971	210,970		
Non-current assets				
Property, plant and equipment				
Buildings and structures, net	12,653	12,056		
Storage tanks, net	2,974	2,651		
Machinery, equipment and vehicles, net	34,409	29,862		
Land	51,542	51,541		
Construction in progress	1,956	1,152		
Other, net	529	590		
Total property, plant and equipment	104,065	97,855		
Intangible assets				
Software	624	478		
Other	134	134		
Total intangible assets	758	612		
Investments and other assets				
Investment securities	21,130	26,169		
Long-term loans receivable	679	641		
Net defined benefit asset	859	761		
Other	785	380		
Allowance for doubtful accounts	(408)	(407)		
Total investments and other assets	23,047	27,545		
Total non-current assets	127,871	126,014		
Total assets	352,842	336,985		
Liabilities				
Current liabilities				
Accounts payable - trade	67,145	35,792		
Short-term loans payable	112,018	130,316		
Current portion of long-term loans payable	14,133	10,949		
Accounts payable - other	30,323	26,402		
Excise taxes payable on gasoline and other fuels	16,370	16,482		
Income taxes payable	944	213		
Provision for bonuses	470	336		
Other	5,778	6,052		
Total current liabilities	247,184	226,545		
Non-current liabilities				
Long-term loans payable	25,943	19,793		
Deferred tax liabilities	8,760	8,854		
Provision for special repairs	2,452	2,387		
Provision for repairs	1,510	5,080		
Net defined benefit liability	1,849	1,740		
Provision for directors' retirement benefits	20	23		
Other	582	900		
Total non-current liabilities	41,118	38,780		
Total liabilities	288,302	265,326		
Net assets				
Shareholders' equity				
Capital stock	24,467	24,467		
Capital surplus	25,495	25,495		
Retained earnings	15,977	18,653		
Treasury stock	(1,431)	(1,271)		
Total shareholders' equity	64,508	67,345		
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities	612	842		
Deferred gains or losses on hedges	(591)	155		
Revaluation reserve for land	1	1		
Foreign currency translation adjustments	(950)	2,571		
Remeasurements of defined benefit plans	789	560		
Total accumulated other comprehensive income	(139)	4,130		
Non-controlling interests	170	182		
Total net assets	64,539	71,658		
Total liabilities and net assets	352,842	336,985		

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Previous fiscal year (From April 1, 2021 to March 31, 2022)	Fiscal year under review (From April 1, 2022 to March 31, 2023)
Consolidated statement of income		
Net sales	486,014	850,863
Cost of sales	465,185	840,916
Gross profit	20,829	9,946
Selling, general and administrative expenses	4,577	4,917
Operating profit	16,251	5,028
Non-operating income		
Interest income	21	77
Dividend income	284	222
Foreign exchange gains	652	1,193
Equity in earnings of affiliates	831	2,277
Rent income from storage tanks	241	217
Other	261	314
Total non-operating income	2,294	4,303
Non-operating expenses		
Interest expenses	1,533	3,725
Rent expenses on storage tanks	265	202
Other	669	699
Total non-operating expenses	2,468	4,627
Ordinary profit	16,076	4,704
Extraordinary income		
Gain on sales of non-current assets	18	0
Gain on sale of investment securities	-	41
Insurance claim income	711	-
Other	10	-
Total extraordinary income	740	41
Extraordinary losses		
Loss on retirement of non-current assets	64	432
Impairment loss	0	0
Total extraordinary losses	65	432
Profit before income taxes	16,751	4,313
Income taxes - current	1,569	960
Income taxes - deferred	(36)	(235)
Total income taxes	1,532	724
Profit	15,219	3,588
Profit attributable to non-controlling interests	15	13
Profit attributable to owners of parent	15,203	3,575
Consolidated statement of comprehensive income		
Profit	15,219	3,588
Other comprehensive income		
Valuation difference on available-for-sale securities	114	230
Deferred gains or losses on hedges	(591)	747
Foreign currency translation adjustments	434	680
Remeasurements of defined benefit plans, net of tax	137	(228)
Share of other comprehensive income of entities accounted for using equity method	1,809	2,841
Total other comprehensive income	1,904	4,270
Comprehensive income	17,123	7,859
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	17,108	7,845
Comprehensive income attributable to non-controlling interests	15	13

FINANCIAL DATA

Financial Data

Consolidated Statement of Cash Flows

	(Millions of yen)	
	As of the end of the previous fiscal year (From April 1, 2021 to March 31, 2022)	As of the end of the fiscal year under review (From April 1, 2022 to March 31, 2023)
Cash flows from operating activities		
Profit before income taxes	16,751	4,313
Depreciation and amortization	7,092	7,689
Increase (decrease) in provision for repairs	(6,209)	3,570
Increase (decrease) in net defined benefit liability	(254)	(239)
Increase (decrease) in provision for special repairs	113	(65)
Interest and dividend income	(306)	(300)
Interest expenses	1,533	3,725
Share of profit of entities accounted for using equity method	(831)	(2,277)
Insurance claim income	(711)	-
Decrease (increase) in trade receivables	(49,507)	9,245
Decrease (increase) in inventories	(37,201)	(1,425)
Increase (decrease) in trade payables	45,162	(31,352)
Increase (decrease) in excise taxes payable on gasoline and other fuels	(1,304)	112
Increase (decrease) in accrued consumption taxes	2,371	3,870
Other	(6,345)	2,091
Subtotal	(29,646)	(1,041)
Interest and dividends received	526	563
Interest paid	(1,500)	(3,676)
Proceeds from insurance claims	711	-
Income taxes paid	(2,093)	(1,836)
Income taxes refund	3	0
Net cash provided by (used in) operating activities	(31,999)	(5,989)
Cash flows from investing activities		
Payments into time deposits	(6,832)	(8,192)
Proceeds from withdrawal of time deposits	6,608	8,890
Purchase of investment securities	(1)	(11)
Proceeds from sale of investment securities	-	54
Purchase of property, plant and equipment	(12,615)	(1,599)
Proceeds from sale of property, plant and equipment	45	0
Proceeds from national subsidies received	395	-
Purchase of intangible assets	(191)	(4)
Loan advances	(201)	(0)
Proceeds from collection of loans receivable	239	38
Other	5	98
Net cash provided by (used in) investing activities	(12,546)	(726)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	37,820	18,297
Proceeds from long-term loans payable	14,000	4,800
Repayments of long-term loans payable	(10,346)	(14,133)
Dividends paid	(772)	(769)
Dividends paid to non-controlling interests	(1)	(1)
Other	(758)	(653)
Net cash provided by (used in) financing activities	39,940	7,539
Effect of exchange rate change on cash and cash equivalents	182	(406)
Net increase (decrease) in cash and cash equivalents	(4,423)	416
Cash and cash equivalents at beginning of period	12,336	7,912
Cash and cash equivalents at end of period	7,912	8,329

STOCK INFORMATION

Stock Information

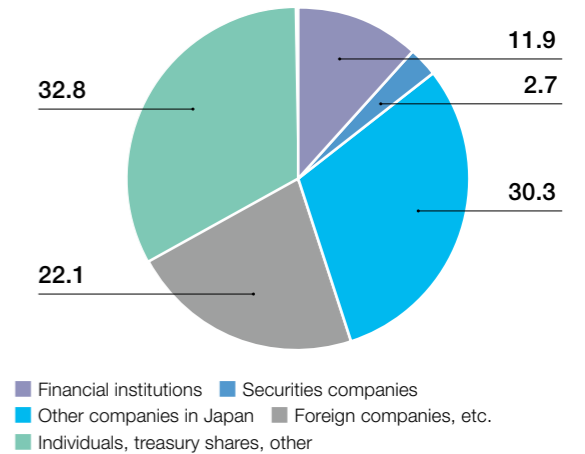
As of the end of March 2023

Basic Stock Information

Stock code	5017
Stock exchange	Tokyo Stock Exchange Prime Market
Number of shares authorized for issue	200,000,000
Total shares issued and outstanding	78,183,677
Number of shareholders	16,839
Number of shares constituting one unit	100
Business year	From April 1 to March 31 of the following year
Ordinary General Meeting of Shareholders	Late June

Breakdown of Shareholders

(%)



Major Shareholders

Name	Shares held (thousands of shares)	Proportion of shares held to total shares issued and outstanding (excluding treasury shares)
JERA Co., Ltd.	6,839.9	8.84%
Kuwait Petroleum Corporation	5,811.3	7.51%
Government of the Kingdom of Saudi Arabia	5,811.3	7.51%
Idemitsu Kosan Co., Ltd.	5,144.0	6.65%
Sumitomo Chemical Co., Ltd.	5,051.6	6.53%
Japan Master Trust Bank, Ltd. (trust account)	4,664.2	6.03%
NYK Line	2,750.8	3.55%
ENEOS Holdings, Inc.	1,350.0	1.74%
Kiyo Koyama	1,161.4	1.50%
Japan Airlines Co., Ltd.	1,034.6	1.33%
Total	39,619.3	51.24%

Stock Price, Trading Volume

