

Stock Code: 5017  
June 7, 2022

To Our Shareholders

Shigeto Yamamoto  
Director-President  
Fuji Oil Company, Ltd.  
Tennozu Parkside Building  
5-8, Higashishinagawa 2-chome,  
Shinagawa-ku, Tokyo, Japan

**CONVOCATION NOTICE OF  
THE TWENTIETH ANNUAL GENERAL MEETING OF SHAREHOLDERS**  
(English Translation of the Japanese Original)

Dear Shareholders:

Please be informed that we will be holding the 20th Annual General Meeting of Shareholders (AGM) as described below.

From the viewpoint of preventing the spread of COVID-19 infections, we ask our shareholders to refrain from attending this AGM and to exercise your voting rights in advance via postal mail or the Internet as much as possible. To use those methods, please refer to the attached Reference Materials for the AGM, and exercise your voting rights by no later than 5:30 p.m. on Monday, June 27, 2022 (JST).

## AGENDA

1. **Date and Time** : Tuesday, June 28, 2022 at 10:00 a.m.  
(The reception desk opens at 9:00 a.m.)
  
2. **Place** : Conference Room “Harbor Circus”,  
3rd floor, Dai-ichi Hotel Tokyo Seafort  
3-15, Higashi-shinagawa 2-chome,  
Shinagawa-ku, Tokyo

Please be advised that shareholders’ seats will be placed farther apart than usual, which makes the number of seats limited. We may restrict attendance of shareholders once all the available seats are filled. We appreciate your understanding and cooperation on this matter. Please also check the “Requests and Information for Shareholders” shown below.

### 3. Purposes of this AGM

#### Items to be Reported

- 1: To report the Business Report, the Consolidated Financial Statements, the Audit Reports for the Consolidated Financial Statements by Independent Auditor and the Audit & Supervisory Board (ASB) of the Company for the 20th Financial Year (April 1, 2021 - March 31, 2022)
  
- 2: To report the Non-Consolidated Financial Statements for the 20th Financial Year (April 1, 2021 - March 31, 2022)

#### Items to be Resolved

- Proposition I : To Distribute Surplus**  
**Proposition II : On Partial Amendments to Articles of Association**  
**Proposition III : To Elect One Director**

#### <Requests and Information for Shareholders>

- Holding and operation of this AGM are subject to change depending on the developments of COVID-19 and government announcements up to the date of AGM. We ask you to check the latest information via our website (<http://www.foc.co.jp/en/ir/library/meeting.html>).
- Alcohol disinfectant will be available near the reception desk. We ask shareholders to spray their hands with it and to wear face masks at all time during your attendance of the meeting.
- We will measure the body temperature of visitors. Those with a fever, appear to be not in good condition, or returned from abroad and still in a quarantine period set by the Japanese government may be denied participation in the AGM. Returnees from abroad who have not gone through the quarantine period are requested to report to the reception desk.
- All of our officers and operation staff of the meeting will check their physical condition including the body temperature in advance and will be wearing face masks during the AGM.
- The AGM will be held in less time than usual from the viewpoint of preventing the spread of infection. Detailed explanation on items to be reported and propositions will be omitted at the AGM. We ask shareholders to read this Convocation Notice and the attached “Report for the 20th Financial Year” in advance.

Notes:

➤ Please note that the following items are posted on the Company's website (<http://www.foc.co.jp/en/ir/library/meeting.html>) and are therefore not included in this Convocation Notice in accordance with the applicable laws and regulations, and Article 13 of the Articles of Association of the Company:

- (1) "Accounting Auditor" and "Establishment and Implementation Status of Systems for Ensuring Appropriate Business Operations" on the Business Report
- (2) "Consolidated Statement of Changes in Net Assets" and "Notes to Consolidated Financial Statements" on the Consolidated Financial Statements
- (3) "Statement of Changes in Net Assets" and "Notes to Non-Consolidated Financial Statements" on the Non-Consolidated Financial Statements

Accordingly, item (2) and (3) above are part of the Consolidated Financial Statements and Non-Consolidated Financial Statements, which Independent Auditor audited to prepare its audit reports, and items (1) through (3) above are part of the Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements, which Audit & Supervisory Board Members audited to prepare their audit report.

- If there are any amendments to the Reference Materials, the Business Report, the Consolidated Financial Statements, and the Non-Consolidated Financial Statements, they will be posted on the Company's website (<http://www.foc.co.jp/en/ir/library/meeting.html>).
- All of our officers and operation staff will be wearing summer business attire on the day.
- Gifts will not be provided.

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**REFERENCE MATERIALS FOR  
THE ANNUAL GENERAL MEETING OF SHAREHOLDERS**

**Propositions and relevant information:**

**Proposition I : To Distribute Surplus**

It is our policy to maintain stable dividend payments to our shareholders while taking into consideration the Company's financial results, cash position, etc., as well as necessary internal reserves for the medium- and long-term business development. In consideration of the business results for FY2021 and the financial forecasts for FY2022 of the Company, we would like to propose the dividend payment for the period as follows:

- (1) Kind of property to be distributed  
Cash
- (2) Allotment of property for the dividends and the total amount thereof  
10 yen per share of common stock of the Company  
Total amount of 772,174,790 yen
- (3) Effective date of the dividend distribution from surplus  
June 29, 2022

## **Proposition II : On Partial Amendments to Articles of Association**

### 1. Reason for the proposal

In accordance with the amended provisions stipulated in the proviso to Article 1 of the Supplementary Provisions of the “Act for Partial Amendment of the Companies Act” (Act No. 70 of 2019), which will come into effect on September 1, 2022, the Company proposes to make the following amendments to its Articles of Association to prepare for the implementation of an electronic provision system for materials for the General Meeting of Shareholders.

- (1) After amendment, Article 13 ① shall provide that information contained in the reference documents for the general meetings of shareholders and others be provided electronically;
- (2) After amendment, Article 13 ② shall establish a provision to limit the scope of the matters to be included in the documents that are to be delivered to shareholders who have requested delivery of paper copies;
- (3) Since the provision regarding internet disclosure of reference documents for the general meeting of shareholders and others (Article 13 of the current Articles of Association) will become unnecessary, it shall be deleted; and
- (4) In line with the new establishment and deletion described above, supplementary provisions concerning the effective date and others shall be established.

### 2. Details of the amendments

Details of the proposed amendments are as follows:

(Amendments are underlined.)

Current Articles of Association	Proposed Amendments
CHAPTER III. GENERAL MEETING OF SHAREHOLDERS	CHAPTER III. GENERAL MEETING OF SHAREHOLDER
<u>Article 13.(Internet disclosure of reference documents relating to general meeting of shareholders)</u> <u>In connection with the convocation of the general meeting of shareholders, the Company may, by posting the information relating to the matters that shall be described or indicated in reference documents for the general meeting of shareholders, report of operation, financial statements, and consolidated financial statements through the Internet in accordance with the Ministry of Justice Ordinance, deem that it has provided the same to the shareholders.</u>	< Deleted >

<p>&lt; Newly established &gt;</p>	<p><u>Article 13.(Measures for Electronic Provision, etc.)</u></p> <p>① <u>In connection with the convocation of the general meeting of shareholders, the Company shall take measures for electronic provision of the information contained in reference documents for the general meeting of shareholders and others.</u></p> <p>② <u>Among the information subject to the electronic provision measures, the Company may choose not to include all or part of the information specified by the Ordinance of the Ministry of Justice in the documents to be delivered to shareholders who have requested paper copies by the record date for voting rights.</u></p>
<p>&lt; Newly established &gt;</p>	<p><u>SUPPLEMENTARY PROVISIONS</u></p> <p>① <u>The replacement of Article 13 (Internet disclosure of reference documents relating to general meeting of shareholders) of the current Articles of Association with Article 13 (Measures for Electronic Provision, etc.) shall take effect on September 1, 2022, the date of enforcement of the amended provisions stipulated in the proviso to Article 1 of the Supplementary Provisions of the “Act for Partial Amendment of the Companies Act” (Act No. 70 of 2019) (hereinafter referred to as “Effective Date”).</u></p> <p>② <u>Notwithstanding the provision of the preceding paragraph, Article 13 of the Articles of Association, before amendment, shall remain in force with respect to a general meeting of shareholders held within six months of the Effective Date.</u></p> <p>③ <u>These supplementary provisions shall be deleted after six months have elapsed from the Effective Date or after three months have elapsed from the date of a general meeting of shareholders in the preceding paragraph, whichever comes later.</u></p>



- Note :
1. The Company has no special interest concerning business relationships with Mr. Hiroshi Maezawa.
  2. The Company has a Directors and Officers (D&O) liability insurance contract with an insurance company, as provided for in Article 430-3, paragraph 1 of the Companies Act. In the event that a claim for damages is filed by a shareholder or a third party against the insured, the said contract covers the legal expenses and compensation for damages to be borne by the insured. If Mr. Hiroshi Maezawa is elected as proposed, he will be included in the insured under this contract. The Company plans to renew the contract with the same details at the time of the next renewal.
  3. Mr. Hiroshi Maezawa has been for a part of the past ten years an operating officer of IDEMITSU, one of the Company's specified affiliated entities.
  4. Mr. Hiroshi Maezawa satisfies the Company's criteria for Independence of Outside Officers and, if elected as proposed, will be registered as Independent Officer with the Tokyo Stock Exchange, Inc. pursuant to the rules of the Exchange.
  5. If Mr. Hiroshi Maezawa is elected as proposed, his term of office shall be the remaining terms of office of the current Directors pursuant to the provisions of the Articles of Association of the Company, which stipulates the term of office of Directors who are elected to fill vacancies of resigned or resigning Directors.



(Reference)

The Company aims to ensure effectiveness of the Board by constituting it by persons with expertise and experience in diverse areas. For the purpose of responding swiftly and appropriately to changes in the future business environment and strengthening corporate governance, we introduced an executive officer system in June 2021.

Our Officers will be as follows if Proposition III is approved as proposed:

(The following list does not represent all the expertise and experience that each person has.)

Officers	Position and Responsibilities	Areas of Expertise and Experience to which Officers are Expected to Contribute								
		Management Strategy	Finance / Accounting	Law / Compliance	Human Resources / HR Development	Technology / Manufacturing / IT / Digital	Sales / Marketing	International Experience	ESG	
Director	Atsuo Shibota	Representing Director Chairman of the Board of Directors	●		●				●	
	Shigeto Yamamoto	Representing Director President ○Member of Nomination and Remuneration Advisory Committee	●			●		●	●	
	Katsunori Yagi	Representing Director Senior Managing Executive Officer General Manager of Sodegaura Refinery	●				●			●
	Hiroshi Maezawa <u>Independent</u>	Director (Outside) ○Member of Nomination and Remuneration Advisory Committee	●				●		●	●
	Toshiki Matsumura <u>Independent</u>	Director (Outside) ○Chairman of Nomination and Remuneration Advisory Committee	●					●	●	
	Mohammed Alshubrumi <u>Independent</u>	Director (Outside)	●		●				●	
	Khaled Al-Sabah	Director (Outside)	●					●	●	
	Takahiko Yamamoto	Director Managing Executive Officer (Supply & Trading Dept.)	●	●	●			●	●	●
	Masayuki Tsuda	Director Executive Officer (Finance & Accounting Dept.)		●		●		●	●	

Officers	Position and Responsibilities	Areas of Expertise and Experience to which Officers are Expected to Contribute								
		Management Strategy	Finance / Accounting	Law / Compliance	Human Resources / HR Development	Technology / Manufacturing / IT / Digital	Sales / Marketing	International Experience	ESG	
ASB Member	Tetsuo Ishii	Full-Time ASB Member	●	●	●			●	●	●
	Tsuyoshi Inoue <u>Independent</u>	ASB Member (Outside)	●	●		●			●	
	Koichi Chikaraishi <u>Independent</u>	ASB Member (Outside)	●					●	●	
	Tomoko Sakamoto <u>Independent</u>	ASB Member (Outside)			●					●
Executive Officer	Kenichi Terao	Managing Executive Officer (General Administration Dept., Human Resources Dept., Human Resource Development Dept.)	●		●	●				●
	Takayuki Kawahata	Managing Executive Officer (Technical Dept., Production Management Dept.)					●		●	●
	Takumi Iwamoto	Managing Executive Officer (Corporate Planning & Management Dept., Safety & Environmental Protection Office)	●	●	●					●
	Atsuo Watanabe	Executive Officer Deputy General Manager of Sodegaura Refinery (Supervisor)	●						●	●
	Toshiya Ishizuka	Executive Officer Deputy General Manager of Sodegaura Refinery (Refining Dept., Safety & Environmental Protection Dept., Safety) General Manager of Safety & Environmental Protection Dept.					●			●
	Hiroshi Hisa	Executive Officer Deputy General Manager of Sodegaura Refinery (Construction & Facility Maintenance Dept., Refinery Cost Management)					●			●
	Masahiro Hirano	Executive Officer General Manager of Corporate Planning & Management Dept.	●	●	●	●				

## Guidance on the Exercise of Voting Rights

Please exercise your voting rights via Postal Mail or the Internet, etc.

### Vote via Postal Mail

Deadline: To be received by 5:30 p.m. on Monday June 27, 2022 (JST).

Please indicate “for” or “against” for each proposition on the enclosed mail ballot form and return the completed form to us (without affixing a stamp).

### Vote via the Internet (English NOT available)

Deadline: To be submitted by 5:30 p.m. on Monday, June 27, 2022 (JST).

#### Vote by Smartphone

You can log in to the online voting website without entering your voting code and password.

Please read your “QR code” on the bottom right corner of the mail ballot form, access the website, and register your “for” or “against” for each proposition by following the onscreen instructions.

\*From the security point of view, the exercise of voting rights by using the QR code is possible only once. After the second time, even if you read the QR code, you will need to enter your voting code and temporary password.

#### Vote by Personal Computer, etc.

Please access the online voting website <https://soukai.mizuho-tb.co.jp/>, enter your voting code and temporary password printed on the mail ballot form. The first time you login, you will be asked to change the temporary password to ensure security; please change it to any password of your choosing. Please register your “for” or “against” for each proposition by following the onscreen instructions.

#### (Notes)

\*If you send us a mail ballot form indicating neither “for” or “against” for any of the proposition, your vote will be treated as an affirmative vote to the propositions.

\*If you exercise the voting rights both via Postal Mail and via the Internet, the voting via the Internet shall prevail. In the case of multiple voting via the Internet, the last voting shall prevail.

\*Any fees incurred when accessing the online voting website (access fees to internet service providers, telephone charges, etc.) shall be borne by the shareholder.

\*Voting by smartphone or personal computer may not be available depending on your internet environment.

#### For Inquiries

If you have any inquiries, please contact Stock Transfer Agency Dept., Mizuho Trust & Banking Co., Ltd., our registrar and transfer agent.

- (1) All inquiries regarding how to exercise your voting right via the online voting website:  
Toll free (calls from within Japan) 0120-768-524  
(Between 9:00 a.m. and 9:00 p.m., JST)
- (2) Other inquiries regarding stock-related administrative work:  
Toll free (calls from within Japan) 0120-288-324  
(Between 9:00 a.m. and 5:00 p.m., JST, on weekdays)

#### [To Institutional Investors]

Institutional investors may also use the Electronic Proxy Voting Platform operated by ICJ (Investor Communications Japan) to exercise their voting rights.

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## Report for the 20th Financial year

Business Report (April 1, 2021 – March 31, 2022)

### I. BUSINESS OVERVIEW OF FOC GROUP

#### 1. Business Progress and Results

##### (Business Environment)

In the crude oil market, the Dubai crude started the period at the US\$61/bbl level and followed a rising trend backed by expectations for economic recoveries associated with progress in COVID-19 vaccination in the United States and Europe. Subsequently, it reached the US\$84/bbl level in late October against the backdrop of a major hurricane approaching oil production facilities along the U.S. Gulf Coast and tighter supply and demand caused by supply disruptions from some oil-producing countries. While in late November there was a phase of price adjustment due to a risk aversion move induced by the spread of a new COVID-19 variant, Omicron, the Dubai crude continued to rise further, underpinned by resilient economic recoveries especially in the U.S. and the underlying robust energy demand, as well as due to growing concerns from January onward over geopolitical risks caused by rising tensions in the Ukraine situation. The Russian invasion of Ukraine at the end of February and the following economic sanctions on Russia by Western countries raised concerns about the impact on the supply of Russian crude oil, and the Dubai crude temporarily rose to US\$127/bbl in March. As a result, it marked about US\$78/bbl on a yearly average basis, up US\$33/bbl over the previous period.

In the foreign exchange market, the yen started the period at the higher ¥110/US\$ level and continued to be appreciated, hitting the mid-¥107/ US\$ level temporarily due in part to the U.S. interest rate increase being put on hold. Then it got weakened, reaching the higher ¥111/US\$ level as the Federal Open Market Committee (FOMC) noted the possibility of an early interest rate increase. Entering November, the yen weakened to the mid-¥115/US\$ level against the backdrop of the FRB's decision to start scale-back in quantitative easing amid growing concerns about inflation in the U.S. In January, the ¥/US\$ rate kept fluctuating in a narrow range in the context of the rising tensions in Ukraine. Then in March, the Bank of Japan's stance to maintain its monetary easing policy, in contrast to the FRB's decision to raise interest rate, led to dollar buying and yen selling on the prospect of a widening interest rate differential between the U.S. and Japan, with the yen temporarily depreciating to the ¥125/US\$ level. As a result, the yen marked about ¥112/US\$ on a yearly average basis, a depreciation of about ¥6/US\$ over the previous period.

Looking at the domestic oil product market, demand for Gasoline was at 97.8% of the previous period's figure, reflecting an improvement in fuel efficiency and a decrease in the number of gasoline passenger cars owned, while a rebound from the previous period's decrease due to people's avoidance of going out acted as a positive factor. Demand for Jet Fuel was at 121.2% of the previous period's figure due to a recovery in demand for air transport of passengers and freight. Demand for Gas Oil was at 100.2% of the previous period's figure due to increases in freight transport. Kerosene was at 93.2% of the figure of the previous period, when there

were high demands caused by strong cold waves. As a result, the total sales volume of the products was at 101.0% of the previous period's figure.

(Consolidated Business Results)

Under these business circumstances, consolidated net sales resulted in 485.3 billion yen, up 140.6 billion yen over the previous period, as the selling prices of products increased along with a rise in crude oil prices, even though sales volume was decreased as compared to the previous period due mainly to a major periodic shut-down maintenance (SDM) at Sodegaura Refinery.

Looking at profit and loss for the period, operating profit was 15.5 billion yen, an increase of 8.4 billion yen over the previous period, due to such factors as i) positive effects of inventory valuation caused by a sharp increase in crude oil prices during the 4<sup>th</sup> quarter ( i.e., effects of inventory valuation calculated by using the average method and the influence of inventory write-downs based on decrease in profitability on cost of sales), which pushed down the cost of sales by 18.7 billion yen (in the previous period, positive effects of inventory valuation pushed down the cost of sales by 8.7 billion yen), and ii) better product margins accompanying a sharp rise in sales prices of petroleum products during the same quarter. As for ordinary profit, it was 16.0 billion yen, an increase of 7.7 billion yen over the previous period.

Profit attributable to owners of parent for the period resulted in 15.2 billion yen, an increase of 8.6 billion yen over the previous period.

Meanwhile, in accordance with the government's measures taken for mitigating the impact of drastic changes in fuel oil prices caused by the surge in crude oil prices, a portion of our products was discounted by 700 million yen (decrease in net sales) during this period. On the other hand, an amount equivalent to the discount was provided as a subsidy (recorded in non-operating income). As a result, although the discounted amount of 700 million yen had the effect of decreasing operating profit due to the decrease in sales, it did not affect the ordinary profit/loss or profit/loss attributable to owners of parent for this period since the same amount is recorded in non-operating income.

Operating loss and ordinary loss excluding effect of inventory valuation amounted to 3.2 billion yen (a deterioration of 1.6 billion yen over the previous period) and 2.7 billion yen (a deterioration of 2.2 billion yen over the previous period), respectively.

(Progress)

Production

The Company carried out a major periodical shut-down maintenance and repair (SDM), which is conducted once every four years, from May to July in 2021 at Sodegaura Refinery by shutting down all the production facilities. As a result, crude oil throughput was 6,259 thousand kL, down by 7.2% as compared to the previous period. The utilization rate of the crude distillation unit was 75.4% on average during the period. The crude distillation unit maintained safe and stable operation from the 3<sup>rd</sup> quarter onward, with an average utilization rate of 98.0% during the 3<sup>rd</sup> and 4<sup>th</sup> quarters.

Thousand Kiloliters

Category	FY2021(A)	FY2020(B)	Change (A/B) (%)
Material Processed			
Crude Oil	6,259	6,742	92.8
Semi-finished Products	602	600	100.3
Total	6,862	7,342	93.5
Refined Products Produced	6,560	6,982	94.0

## Sales

Total sales volume of petroleum products including petrochemicals and others came to 6,466 thousand kL, down by 9.4% as compared to the previous period, due to lower production volumes as a result of a major SDM, despite a recovery in demand for petroleum products due to progress in COVID-19 vaccination and the associated recovery in economic activities.

Looking at sales by product, Gasoline, Jet Fuel, Kerosene, Gas Oil and Benzene/Xylene are down by 6.3%, 12.8%, 12.3%, 9.6%, and 14.6% year-on-year, respectively.

Thousand Kiloliters			
Product	FY2021 (A)	FY2020 (B)	Change (A/B) (%)
Gasoline	1,882	2,009	93.7
Naphtha	227	326	69.6
Jet Fuel	482	552	87.2
Kerosene	441	502	87.7
Gas Oil	1,517	1,679	90.4
Fuel Oil (A)	208	275	75.8
Fuel Oil (C)	61	36	171.0
Benzene / Xylene	380	445	85.4
Others	1,268	1,317	96.3
Total	6,466	7,140	90.6

## Initiatives based on Corporate Philosophy

Adhering to our corporate philosophy aiming to “ensure stable supplies of energy”, “maintain safety and protect the global environment”, “work for the benefit of all stakeholders” and “create energetic and motivating workplace”, and pursuing sustainable growth while also serving society through its business activities, we are working on an ongoing basis on reduction of environmental burden, contribution to the local community, as well as further improvement in the corporate governance system.

### ➤ Safety and Stable Supplies of Energy

At Sodegaura Refinery, we are pursuing ongoing improvement in industrial safety through health and safety management systems, and working to enhance the voluntary safety management by utilizing advanced technologies such as IoT with a focus on the issues identified by Japan Industrial Safety Competency Center (specified non-profit organization) in its safety competency evaluation.

As for preparation and response to natural disasters, we have conducted BCP trainings, implemented anti-seismic reinforcement on facilities, installed mobile emergency power generators, etc. based on a “Business Continuity Plan” for major earthquakes and other disasters. As a countermeasure against localized torrential downpours which often happen in recent years, we have enhanced storage capacities of rainwater retention tanks to strengthen our business continuity capabilities.



As for COVID-19 infections, we are keeping a close watch on their trend, and are taking various measures on an appropriate and timely basis to protect employees' health and ensure the stable supply of energy under the leadership of a task force headed by the President.

➤ Environment Protection

We are working to further deepen the ongoing efforts in energy-saving activities, measures and investments, among which are installation of a highly efficient boiler-turbine generator. We are also proceeding with the research on the use of ammonia, which does not generate CO<sub>2</sub> when it burns, as fuel for boilers to help reduce environmental burdens, as well as the research and development toward the production of bio-jet fuel.

In addition, initiatives to save water by recirculating over 96% of cooling water flow, prevent air/water pollution, etc., have been taken and carried out on an ongoing basis. We are also working on reduction and recycle of industrial waste and have been achieving the final disposal rate of 0% for industrial waste since FY2012.

➤ Symbiosis with Local Community

We have been enhancing our engagement with Sodegaura city, where our refinery is located, through various social contribution activities, including participation in cleanups of waterfront area organized by the city as well as community cleanups of our own planning. Also, as one of the participating facilities in Chiba Prefecture Next Generation Energy Park, our refinery provides Chiba residents and others with plant tours and a hands-on experience so as to promote understandings and interests in the said energy (At present, the tours and experience are being suspended due to COVID-19).

➤ Motivating Workplace

Under the new personnel management system introduced in FY2019, we are continuously working to reform the system to help our diverse employees to employ their potential in full.

Placing a high value in developing human assets, we established Human Resource Development Department in FY2020, and have been providing employees with job-level trainings, technical education/trainings, and education/trainings on safety and environment, etc. in line with the "Policy for Human Assets Development." In FY2021, to promote active participation of women in the Company in particular, we have conducted career trainings for female employees.

Also, as in the previous period, we have conducted intensive trainings and other activities with "communication" as the keyword, with the aim to build a "motivating workplace".

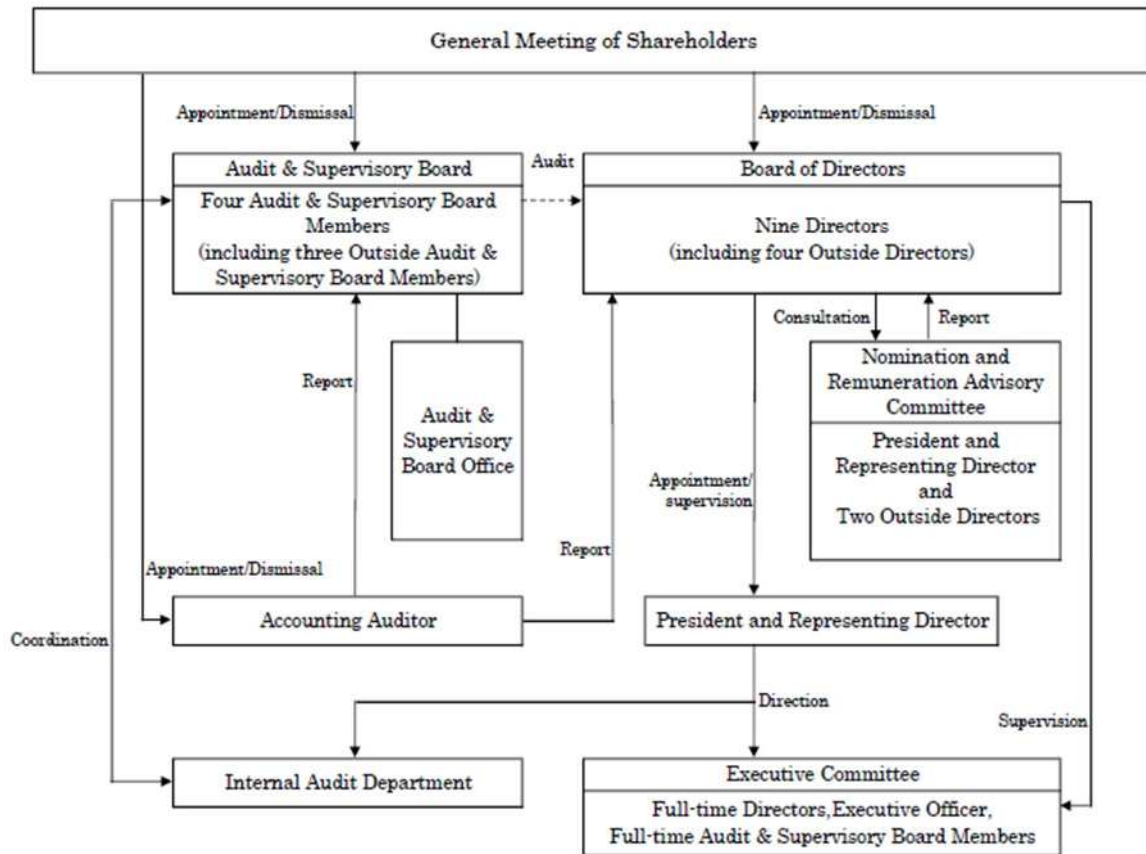
➤ Governance System

In order to strengthen corporate governance, we established a Nomination and Remuneration Advisory Committee, which is chaired by an outside independent officer and the majority of whose members are also outside independent officers, as an advisory body to the Board of Directors. Introduction of a performance-linked variable remuneration system for Executive Directors was adopted after

deliberations at the Committee. Drafts of proposals concerning election and remunerations of Directors, etc. are also deliberated by the Committee before the decisions are made by the Board of Directors.

[REFERENCE] Corporate Governance Structure

### Corporate Governance Structure



### Group's Major Activities

Major activities of the Company's consolidated subsidiaries during FY2021 are as follows:

PETRO PROGRESS PTE LTD, an important overseas operation base of the Company located in Singapore, has continued business operations such as purchase and sale of crude oil and petroleum products.

Japan Oil Engineering Company Ltd. (JOE) is working on the projects which will contribute to the development of a low carbon society, in addition to its core businesses of consulting and engineering for development and production of oil and gas. Among such projects are the environmental engineering and consulting services related to CO<sub>2</sub>-EOR (injection of CO<sub>2</sub> for enhanced oil recovery) and CCS (capture and storage of CO<sub>2</sub> from emissions to prevent it from entering the atmosphere) technologies, methane hydrate development, offshore wind and geothermal power generation.

## 2. Capital Investment

Capital investments during the period totaled 12.3 billion yen, which were mainly invested in refinery facilities. These investments were funded through bank loans and own funds.

## 3. Financing

Loans from financial institutions during the period are as shown in the table below. The balance of interest-bearing debt stood at 152.0 billion yen, an increase of 41.6 billion yen as compared to the end of the previous period. The major factors are increases in short-term loans payable as a result of higher crude oil prices and weaker yen, and in long-term loans payable as a result of borrowing for a major SDM.

	Millions of Yen		
	End of FY2020	Increase/Decrease	End of FY2021
Long-term loans payable	36,422	3,653	40,076
Short-term loans payable	74,050	37,968	112,018
Total	110,473	41,621	152,094

Note : The balance of long-term loans payable at the end of the period includes 14.1 billion yen, an amount to be repaid within a year.

## 3. Issues to be addressed

Based on the views on the business environment that “the global oil demand is projected to make a strong rebound from the COVID-19 shock. Looking at the supply side, most-advanced large refineries, new or expanded, are slated to come on stream over the next several years mainly in China, India and the Middle East on a scale exceeding the expected increase in oil demand. Depending on the progress of those refinery projects, the industry could face even more intense competition. Meanwhile, a certain portion of oil demand is expected to be lost due to popularization of electric vehicles and progress in fuel conversion to bio-, synthetic-, hydrogen- and other fuels in the mid-to-long term in a global context of a movement towards carbon neutrality by 2050”, the Company formulated the third Medium-Term Business Plan for 4 years from FY2021 to FY2024 in May 2021.

Since then, unexpected events such as the worldwide spread of new variants of COVID-19 and the Russian invasion of Ukraine have caused great turmoil to the world economy and global energy supply and demand. There is no change, however, in our recognition of the business environment surrounding the oil refining industry, which is the premise of the Medium-Term Business Plan, i.e., it is becoming more challenging year by year due to declining domestic oil demand, etc., and Japan’s move towards carbon neutral by 2050 is becoming in full swing. In order to expand earnings on a stable basis as well as reduce environmental burdens at the same time under these circumstances, we set it our basic policy to (1) reinforce the base of the oil refining business and (2) strengthen the efforts towards a decarbonized society, and will continue to focus on the following tasks.

## Tasks to Focus On

### (1) Reinforcement of Base of Oil Refining Business

#### a. Maintaining and Enhancing Operational Reliability

We will promote sophistication of facilities operation management and their maintenance by employing drone inspections, and by making the maximum use of digital technologies such as IoT and AI.

#### b. Strengthening Cost Competitiveness and Establishing Competitive Advantage

We will further strengthen our cost competitiveness by reducing refining costs, improving energy efficiency, optimizing production (including raw material procurement), improving facilities for increased production of high value-added products, and rationalizing overall expenses including head office costs.

We will also maximize the introduction and use of digital technologies which are advancing by leaps and bounds, and will promote further innovation in the areas of human resources and organizational structure, which underpin our competitive advantage, by revamping the workflow and realigning organization's divisions where necessary, optimizing the operation of a new personnel system renewed in FY2019, and strengthening human resource development.

### (2) Enhanced Efforts towards Decarbonized Society

#### a. Thorough Reduction of Environmental Burden at Refinery

Since it is the energy saving that best ensures improvement in profitability as well as reduction in refinery CO<sub>2</sub> emissions, we will further deepen and accelerate the efforts to become a low-carbon refinery.

In addition to the ongoing initiatives such as the supply of bio-ETBE blended gasoline, we will work on the use of ammonia as boiler fuel, etc., as part of our efforts to supply earth-friendly products and use earth-friendly fuels.

#### b. Pursuing Businesses Contributing Decarbonization

In accordance with the Japanese government's goal of becoming carbon neutral by 2050, we are working on research and development on the next-generation biofuels and aiming to launch their supply in the mid-2020s.

Furthermore, we will actively pursue those decarbonization technology areas where the Refinery's existing infrastructure and knowledge can be utilized, including CO<sub>2</sub>-free hydrogen and synthetic fuels, in cooperation with various stakeholders and thereby aim to contribute to a decarbonized society.

To contribute to the development of carbon neutral society by 2050, we set the following environmental targets in the third Medium-Term Business Plan:

- 15,000kL-coe\*/year as the Refinery's energy saving target (to be achieved in FY2025)  
\*Crude Oil Equivalent

We aim to reduce energy consumption by 15,000kL/year (crude oil equivalent) over the years from FY2021 through FY2025 as compared to the case where we do not implement energy saving measures planned for the said period.

- In the medium-term, we aim to reduce 20% or more of the CO<sub>2</sub> emissions in FY2030 as compared to those generated by our own business in FY2014.

- In the long-term, we aim to achieve net zero CO2 emissions from our own business in FY2050, assuming that individual component technologies have been established and become feasible with the progress of innovations, and thereby contribute to the development of carbon-neutral society as a whole.

(Reference) Response to Climate Change (Response to TCFD Recommendations)

In July 2021, the Company announced its support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. In the same month, we were selected as one of the support target companies of the "Fiscal 2021 Climate Risk and Opportunity Scenario Analysis Support Project in line with TCFD" implemented by the Ministry of the Environment, and we conducted a scenario analysis in the element of "Strategy," one of the four elements of climate-related financial disclosures of TCFD recommendations.

We will continue these efforts and actively disclose information in line with the TCFD recommendations, and further promote initiatives that contribute to the reduction of environmental burden and the conservation of the global environment.

## 5. Financial Summary

	Millions of Yen			
	17th FY Apr. 1, 2018 - Mar. 31, 2019	18th FY Apr. 1, 2019 - Mar. 31, 2020	19th FY Apr. 1, 2020 - Mar. 31, 2021	20th FY Apr. 1, 2021 - Mar. 31, 2022
Net sales	541,640	462,364	344,612	485,302
Ordinary profit	3,599	-28,777	8,293	16,076
Profit attributable to owners of parent	2,896	-29,058	6,528	15,203
Profit per share	37.59 yen	-377.07 yen	84.72 yen	197.29 yen
Total assets	299,144	245,504	253,007	352,846
Total net assets	71,536	41,297	48,188	64,539

Note: 1. Profit per share is calculated based on the average number of shares outstanding during the period.

2. Main factors of difference in profit attributable to owners of parent from the previous financial year are as follows:

17th FY effects of a blackout incident at Sodegaura Refinery in October 2018, decreased profit margins during the 3Q, and a decline in positive effect of inventory valuation

18th FY effect of minor SDM, a sharp drop in product prices during 4Q, and a significant negative effect of inventory valuation resulting from a crude oil price collapse in March 2020

19th FY positive effect of inventory valuation on the cost of sales and improved sales margins resulting from a recovery in the domestic petroleum product market

20th FY as stated in I.1. Business Progress and Results

## 6. Principal Subsidiaries (As of March 31, 2022)

Name	Paid-in Capital	Shareholding Ratio (%)	Main Business
Fuji Oil Sales Company, Ltd.	100 millions of yen	100.0	Sale of petroleum products, Agency services for petroleum products sales/supply, Agency services for insurance companies
Fuji Rinkai Co., Ltd.	10 millions of yen	85.0	Maritime disaster prevention operations, Loading/unloading of crude oil & petroleum products, Collection and transportation of industrial waste, Solar power generation
Arabian Oil Company, Ltd.	100 millions of yen	100.0	Management of oil development project-related assets
Japan Oil Engineering Company Ltd.	600 millions of yen	100.0	Consulting and engineering services for development and production of oil, gas and other energy resources and for environmental protection
Tokyo Petroleum Industrial Company, Ltd.	120 millions of yen	(100.0)	Manufacturing and sale of asphalt mixture, Recycling of industrial waste for use as pavement materials
Petro Progress Inc.	100 millions of yen	100.0	Purchasing and marketing of crude oil and petroleum products, etc.
PETRO PROGRESS PTE LTD	34 millions of Singapore \$ and 733 thousands of US \$	(100.0)	Overseas purchasing and marketing of crude oil and petroleum products

Note: Percentage in parentheses stand for shareholding ratio indirectly held by the Company.

## 7. Main Business (As of March 31, 2022)

To refine, store, sell, buy, import and export crude oil and petroleum products

## 8. Location of Principal Business (As of March 31, 2022)

Fuji Oil Company, Ltd.	Head Office	Shinagawa-ku, Tokyo, Japan
	Sodegaura Refinery	Sodegaura-shi, Chiba, Japan
Fuji Oil Sales Company, Ltd.	Head Office	Shinagawa-ku, Tokyo, Japan
Fuji Rinkai Co., Ltd.	Head Office	Sodegaura-shi, Chiba, Japan
Arabian Oil Company, Ltd.	Head Office	Shinagawa-ku, Tokyo, Japan
Japan Oil Engineering Company Ltd.	Head Office	Chuo-ku, Tokyo, Japan
Tokyo Petroleum Industrial Company, Ltd.	Head Office	Shinagawa-ku, Tokyo, Japan
Petro Progress Inc.	Head Office	Shinagawa-ku, Tokyo, Japan
PETRO PROGRESS PTE LTD	Head Office	Singapore

## 9. FOC Group Employees (As of March 31, 2022)

Number of Employees	Difference from the previous period
701	-3

## 10. Major Lenders and Loan Balance (As of March 31, 2022)

Lender	Millions of Yen
	Outstanding Balance
Mizuho Bank, Ltd.	31,297
Sumitomo Mitsui Banking Corporation	23,873
MUFG Bank, Ltd.	22,885
Sumitomo Mitsui Trust Bank, Limited	19,257
Development Bank of Japan Inc.	15,238
Japan Oil, Gas and Metals National Corporation	12,327

## II. SHARE RELATED INFORMATION (As of March 31, 2022)

- i) Total number of shares authorized to be issued : 200,000,000 shares  
 ii) Total number of shares issued : 78,183,677 shares  
 iii) Number of shareholders : 12,448 persons  
 iv) Top 10 shareholders :

Name	Shareholder's investment in the Company	
	Number of Shares Held (thousand)	Shareholding Ratio(%)
CITY INDEX ELEVENTH CO.,Ltd	7,027.6	9.10
JERA Co., Inc.	6,839.9	8.85
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,433.0	8.33
Kuwait Petroleum Corporation	5,811.3	7.52
Government of the Kingdom of Saudi Arabia	5,811.3	7.52
Idemitsu Kosan Co., Ltd.	5,144.0	6.66
Sumitomo Chemical Company, Limited	5,051.6	6.54
NYK Line (Nippon Yusen Kabushiki Kaisha)	2,750.8	3.56
Custody Bank of Japan, Ltd. (Trust Account)	1,742.0	2.25
ENEOS Holdings, Inc.	1,350.0	1.74

Note : 1. Shareholding ratio is calculated excluding treasury stocks of 966.1 thousand shares.  
 2. Fractional shares less than 100 shares are rounded down.

- v) Shares provided to Company officers during the period as consideration for performance of duties

Stock-based compensation provided during the period:

Category of Officers	Number of shares (shares)	Number of officers to whom shares were provided (persons)
Directors (excluding Outside Directors)	0	0
Entrustment-type Executive Officers (excluding those who concurrently serve as Directors)	0	0

Note : Details of the stock-based compensation are as stated in III. 4. (6) Matters concerning NMR.



### III. BOARD OF DIRECTORS AND AUDIT & SUPERVISORY BOARD

#### 1. Directors and Audit & Supervisory Board (ASB) Members (as of March 31, 2022)

Name	Positions in the Company	Responsibilities in the Company and significant positions concurrently held outside the Company
Atsuo Shibota	Representing Director, cum Chairman of the Board of Directors	
Shigeto Yamamoto	Representing Director cum President	
Katsunori Yagi	Representing Director cum Senior Managing Executive Officer	General Manager of Sodegaura Refinery
Daisuke Seki	Director (Outside) (Independent Officer)	
Toshiki Matsumura	Director (Outside) (Independent Officer)	
Mohammed Alshubrumi	Director (Outside) (Independent Officer)	Legal Advisor to HRH the Minister, Ministry of Energy, Government of Kingdom of Saudi Arabia
Khaled Al-Sabah	Director (Outside)	Deputy Managing Director, International Marketing Sales, Kuwait Petroleum Corporation
Takahiko Yamamoto	Director cum Managing Executive Officer	In charge of Supply & Trading Dept. Representing Director cum Director-President, Petro Progress Inc. Director, PETRO PROGRESS PTE LTD
Masayuki Tsuda	Director cum Executive Officer	In charge of Finance & Accounting Dept.
Tetsuo Ishii	ASB Member (Full-Time)	
Tsuyoshi Inoue	ASB Member (Outside) (Independent Officer)	Director (Outside, Audit & Supervisory Committee Member), DN HOLDINGS CO., LTD.
Koichi Chikaraishi	ASB Member (Outside) (Independent Officer)	Advisor, NYK Line Director (Outside), Murakami Corporation
Tomoko Sakamoto	ASB Member (Outside) (Independent Officer)	Partner, Iwata Godo Attorneys and Counsellors at Law Director (Outside, Audit & Supervisory Committee Member), ARATA CORPORATION

Note: 1. New Director during the period is as follows:

- Mr. Mohammed Alshubrumi was newly elected as Director at the 19th General Meeting of Shareholders held on June 25, 2021.

2. Changes in positions in the Company held by Directors during the period are as follows:

- Position held by Director Atsuo Shibota changed from Representing Director cum Director President to Representing Director cum Chairman of the Board of Directors on June 25, 2021.
- Position held by Director Shigeto Yamamoto changed from Senior Managing Director to Representing Director cum President on June 25, 2021.

3. Changes in responsibilities in the Company held by Directors during the period are as follows:

- Responsibilities held by Director Takahiko Yamamoto changed from General Administration Dept. and Safety & Environmental Protection Office to Supply & Trading Dept. on June 25, 2021.

4. Changes in significant positions concurrently held outside the Company by Directors and ASB Members during the period are as follows:

- Representing Director cum President Shigeto Yamamoto retired from his position of Representing Director cum Director-President of Petro Progress Inc. on June 28, 2021. He also retired from his position of Director of PETRO PROGRESS PTE LTD on June 24, 2021.

- Director Takahiko Yamamoto was appointed as Representing Director cum Director-President of Petro Progress Inc. on June 28, 2021. He was also appointed as Director of PETRO PROGRESS PTE LTD on June 24, 2021.
  - ASB Member Tsuyoshi Inoue was appointed as Director (Outside, Audit & Supervisory Committee Member) of DN HOLDINGS CO., LTD on July 14, 2021.
  - ASB Member Tomoko Sakamoto retired from her position of ASB Member of ARATA CORPORATION on June 24, 2021 and was appointed as Director (Outside, Audit & Supervisory Committee Member) of the same company on the same date.
5. Directors Daisuke Seki, Toshiki Matsumura and Mohammed Alshubrumi, and ASB Members Tsuyoshi Inoue, Koichi Chikaraishi and Tomoko Sakamoto satisfy the Company's criteria for Independence of Outside Officers (please see 12. below). The Company registered them as Independent Officers with the Tokyo Stock Exchange, Inc. pursuant to the rules of the Exchange.
  6. ASB Member Tsuyoshi Inoue has many years of experience in financial institutions and has a wealth of expertise in finance and accounting.
  7. Government of Kingdom of Saudi Arabia is a shareholder of the Company with 5,811.3 thousand shares (shareholding ratio: 7.52%).
  8. Kuwait Petroleum Corporation is a shareholder of the Company with 5,811.3 thousand shares (shareholding ratio: 7.52%) and has a business relationship with the Company including sales and purchase of crude oil.
  9. NYK Line is a shareholder of the Company with 2,750.8 thousand shares (shareholding ratio: 3.56%) and has a business relationship with the Company in chartering of crude oil tankers and others.
  10. Iwata Godo Attorneys and Counsellors at Law and the Company has a legal services agreement.
  11. DN HOLDINGS CO., LTD., Murakami Corporation, and ARATA CORPORATION have no special business relationship to be disclosed with the Company.
  12. The criteria of independence used by the Company for Outside Officers are as follows:

The Company's Outside Officers are not considered independent in the case that they or their immediate family member (spouse, relative in second or less degree or relative living in the same place) fall under any of the following items currently or for the preceding year of the Officers' inauguration.

i) Outside Officers are not considered independent if they fall under any of the following:

a) Principal business partners\*

Principal business partners of the Company or operating officers of such partners

\* A "principal business partner" means a company, organization, individual, etc. the amount of the transactions between whom and the Company in any of the last three financial years exceeds 2% of the consolidated net sales of either the Company or the partner

b) External accounting auditors

Those who are external accounting auditors of the Company or its Group companies, or if the accounting auditors are organizations such as corporations or associations, those who belong to such organizations

c) Professional service providers (legal, accounting, etc.)

Those who received during the last financial year 10 million yen or more in compensation for their professional services as lawyers, chartered accountants, certified tax accountants, consultants, etc. from the Company besides the remunerations for Outside Officers (If the professionals are organizations such as corporations, those who belong to such organizations)

d) Major lenders

Lenders from which the Company's borrowings exceed 2% of the consolidated total assets of the Company or operating officers of the said lenders as at the end of the last financial year

e) Donation, etc.

Those who received donations, funds, etc. of 10 million yen or more in the last financial year from the Company (If the recipients are organizations such as corporations, those who belong to such organizations)

f) Principal shareholders\*

Principal shareholders of the Company or operating officers of such shareholders as of the end of the last financial year

\* A "principal shareholder" means a company, corporation, individual, etc. who holds 10% or more of total voting rights of the Company

g) Cross-assumption of offices of outside officers\*

Operating officers of other companies with which the Company has a relationship of cross-assumption of offices in any of the past three financial years

\* "Cross-assumption of offices of outside officers" refers to a situation where officers are mutually dispatched between a company/organization and the Company.

- ii) Outside Officers are not considered independent if their immediate family members fall under any of the following:
  - a) Those who fall under any of the above-mentioned items a) - g)
  - b) Officers or employees of the Company or its Group companies

(Reference)

The Company has introduced an executive officer system.

Executive Officers who do not concurrently serve as Directors as of March 31, 2022 are as follows:

Kenichi Terao	Managing Executive Officer	In charge of General Administration Dept., Human Resources Dept. and Human Resource Development Dept.
Takayuki Kawahata	Managing Executive Officer	In charge of Technical Dept. and Production Management Dept.
Takumi Iwamoto	Managing Executive Officer	In charge of Corporate Planning & Management Dept., and Safety & Environmental Protection Office
Toshiya Ishizuka	Executive Officer	Deputy General Manager of Sodegaura Refinery In charge of Refining Dept., Safety & Environmental Protection Dept., and Safety General Manager of Safety & Environmental Protection Dept.

## 2. Directors who Retired during Period

Name	Position at the time of Retirement	Responsibilities in the Company and significant positions concurrently held outside the Company at the time of Retirement	Date of Retirement (Reason)
Mohammed Al-Fahad	Director (Outside)	Legal Expert and Supervisor, Legal Affairs Dept., Ministry of Energy, Government of Kingdom of Saudi Arabia	June 25, 2021 (Expiration of his term)
Kenichi Terao	Director	In charge of Human Resources Dept. and Human Resource Development Dept.	June 25, 2021 (Expiration of his term)
Takayuki Kawahata	Director	In charge of Technical Dept. and Production Management Dept.	June 25, 2021 (Expiration of his term)
Takumi Iwamoto	Director	In charge of Corporate Planning & Management Dept. Director, Japan Oil Engineering Company, Ltd.	June 25, 2021 (Expiration of his term)

\* Changes in positions in the Company held by Directors who retired during the period are as follows:

- Mr. Kenichi Terao was appointed as Managing Executive Director on June 25, 2021.
- Mr. Takayuki Kawahata was appointed as Managing Executive Director on June 25, 2021.
- Mr. Takumi Iwamoto was appointed as Managing Executive Director on June 25, 2021.

## 3. Matters concerning Directors and Officers Liability Insurance Contract

The Company has a Directors and Officers (D&O) liability insurance contract with an insurance company as provided for in Article 430-3, paragraph 1 of the Companies Act. In the event that a claim for damages is filed by a shareholder or a third party against the insured, the contract covers the compensation for damages and legal expenses to be borne by the insured. However, it does not cover the compensation for damages and legal expenses arising from the insured's unlawful gain or benefit, criminal acts, or acts committed with the knowledge that they violate laws.

Insured in the said contract are all the Officers of the Company and its consolidated subsidiaries (i.e., Directors, Executive Officers, Audit & Supervisory Board Members).

#### 4. Remunerations for Directors and ASB Members during the Period

##### (1) Matters concerning Policy on Decisions on Content of Remunerations for Each Director (“Remuneration Policy”)

###### ➤ Overview of Remuneration Policy

General principle: The Company’s remuneration system is based on the role, responsibility and individual performance of the Director and Entrustment-type Executive Officer (excluding Executive-Officer who concurrently serves as Director) (collectively, “Director, etc.”) and ensures fairness and objectivity.

Remuneration structure for Executive Directors and Entrustment-type Executive Officers (collectively, “Executive Directors, etc.”):

- a. The remuneration structure is the one that reflects the business environment and performance of the Company’s group.
- b. Remuneration for Executive Directors, etc. consists of fixed remuneration (“FR”), performance-linked variable remuneration (“PLVR”), and non-monetary remuneration (“NMR” or Performance-Linked Restricted Stock-Based Compensation) for the purpose of improving corporate value over the mid- to long-term and strengthen incentives for higher business performance.

The amount of the FR for Executive Directors is determined by adjusting a basic remuneration based on an individual executive position to reflect the role and responsibility of each Director.

The PLVR will be paid to Executive Directors in cash when consolidated financial results for each financial year have met certain conditions.

The amount of the PLVR is calculated based on the ratio of the PLVR to the FR, which is computed using i) the payment rate that is determined on the basis of achievement levels of specific performance indicators and ii) the rate attributable to each executive position.

The NMR will be provided to Executive Directors, etc. in the form of i) the Company’s common shares, or ii) monetary claims as assets to be contributed in kind for the acquisition of such shares when performance indicators which are determined based on the Company’s medium-term business plan, etc. have met certain conditions. The number of such shares will be calculated on the basis of an allocation rate, which is determined on the basis of the achievement levels of specific performance indicators, and the reference stock price for the allocation.

The ratios of PLVR and NMR for Executive Directors, etc. increase in proportion to individual executive position of Director, etc. and responsibility for the business performance.

The Director-President respects a recommendation of the Nomination and Remuneration Advisory Committee (“Committee”) and decides the content of remunerations for each Director, etc. within the limit of the relevant FR : PLVR : NMR ratios.

The ratio of FR : PLVR : NMR is set at as follows for each executive position when the

ratios of the PLVR and NMR are the maximum:

Executive Position	FR	PLVR	NMR
Chairman of the Board of Directors President Executive Vice President	1	0.20	0.10
Senior Managing Executive Officer Managing Executive Officer	1	0.15	0.10
Entrustment-type Executive Officer	1	0.10	0.10

Remuneration system for Outside Directors: To ensure that the supervisory function work effectively, the remuneration for Outside Directors consists only of FR. The amount of the FR for Outside Director is set at an appropriate level by taking into account an individual task that may be delegated to the said Director.

➤ Method of Deciding Remuneration Policy

On condition that an introduction of Performance-Linked Restricted Stock-Based Compensation Plan as NMR for Directors (excluding Outside Directors) is approved as proposed by the Company's 19th Annual General Meeting held on June 25, 2021, a draft of the Remuneration Policy was prepared by Representing Director-President, submitted to the Committee for deliberation, and was approved by the Board of Directors at its meeting held on May 10, 2021 in accordance with the Committee's recommendation.

**(2) Matters concerning Resolutions of General Meeting of Shareholders on Amount of Remunerations, etc. for Directors and ASB Members**

At the 16th AGM held on June 27, 2018, the Company decided that the amount of remuneration for Directors is to be not more than 360 million yen per year (including not more than 30 million yen per year for Outside Directors, and excluding the employee salaries paid to the Directors who concurrently serve as employees). The number of Directors at the closing of the said AGM was 14 (of which 5 are Outside Directors). At the 19th AGM held on June 25, 2021, the Company decided to introduce a Performance-Linked Restricted Stock-Based Compensation Plan for Directors (excluding Outside Directors). Under the Plan, performance-linked restricted stock-based compensation is provided separately from the above remuneration framework (the total value of the Company's common shares or amount of monetary claims: not more than 33 million yen per year, excluding employee salaries paid to Directors who concurrently serve as employees, and the total number of the Company's common shares: not more than 165,000 shares per year). The number of Directors (excluding Outside Directors) at the closing of the said AGM was 5.

At the 16th AGM held on June 27, 2018, the maximum amount of remuneration for ASB Members was decided to be not more than 48 million yen per year. The number of ASB Members at the closing of the said AGM was 4.

**(3) Matters concerning Delegation of Decisions on Content of Remunerations for Each Director, etc.**

Specific contents of remunerations for each Director, etc. (amounts of FR for each

Director, etc., PLVR and the number of restricted shares as NMR for each Executive Director, etc.) are decided by the Director-President based on the Remuneration Policy and a resolution of authority delegation to him/her by the Board of Directors. The reason for delegating such authority to the Director-President is that he/she is best suited to the task of assessing the role, responsibility and individual performance of each Director, etc. while taking an overhead view of business performance across the entire Company.

For the Company to ensure that the authority is exercised properly by the Director-President, he/she is required to consult with the Committee concerning a draft of remunerations for each Director, etc. receive an opinion from the Committee, and make decisions pursuant to the said opinion.

Given that the amount of remunerations for each Director, etc. has been decided through these procedures, the Board of Directors deems that the content of the said remunerations is in line with the Remuneration Policy.

#### (4) Total Amount of Remunerations Paid to Directors and ASB Members

Category of Officers	Total Remuneration (million yen)	Total Remuneration by Type (million yen)			Number of Officers
		FR	PLVR	NMR	
Director (Outside Director)	250 (18)	231 (18)	- N/A	18 N/A	13 (5)
ASB Member (Outside ASB Member)	45 (21)	45 (21)	N/A	N/A	4 (3)

Note: 1. The above table includes 4 Directors who retired at the closing of the 19th AGM held on June 25, 2021.  
 2. Details of PLVR are as stated in III. 4. (5) Matters concerning Performance-Linked Variable Remuneration.  
 3. Details of NMR are as stated in III. 4. (6) Matters concerning NMR. The amount column shows the amount posted as expense during the current financial year.

#### (5) Matters concerning Performance-Linked Variable Remuneration

From the viewpoint that Executive Directors, etc. are responsible to the overall performance of the Company group and taking into consideration the Company's accountability for the remuneration of Executive Directors, etc. to its shareholders, employees and other stakeholders, we selected for the performance indicators i) consolidated net profit attributable to owners of parent including the effect of inventory valuation (CNP) and ii) consolidated ordinary profit excluding the effect of inventory valuation (COP).

Payment rate (PR) is designed to vary in accordance with the profit range, i.e., i) from 2.0 billion yen to 10.0 billion yen for the CNP and ii) from 1.0 billion yen to 5.0 billion yen for the COP. PRs corresponding to respective amounts of CNP and COP shall be compared and whichever the lower shall be adopted.

The ratio ("Ratio") of the PLVR to the FR shall be calculated by the following formula:

Ratio = PR x Rate attributable to each executive position

The PLVR shall be calculated by the following formula:

PLVR = FR by executive position x Ratio

Record of performance indicators is as follows:

	(Billions of yen)		
	18th FY Apr. 1, 2019 – Mar. 31, 2020	19th FY Apr. 1, 2020 – Mar. 31, 2021	20th FY Apr. 1, 2021 – Mar. 31, 2022
CNP	-29.0	6.5	15.2
COP (excl. effect of inventory valuation)	-8.4	-0.4	-2.7

Note: The performance-linked variable remuneration system was introduced in 18th FY.

#### (6) Matters concerning NMR

The Company has introduced a Performance-Linked Restricted Stock-Based Compensation Plan for the purpose of providing an incentive to Executive Directors, etc. to improve the Company's corporate value on a sustainable basis by further clarifying the linkage between the remuneration of Executive Directors, etc. and its business performance and further promoting shared value with its shareholders. Under this Plan, the Company will provide Executive Directors, etc. with i) the Company's common shares, or ii) monetary claims as assets to be contributed in kind for the acquisition of such shares after the end of one financial year of the Company ("Performance Evaluation Period") in principle, commensurate with the achievement levels of performance evaluation indicators for each Performance Evaluation Period.

For performance evaluation indicators, profit attributable to owners of parent ("Profit") and consolidated ROE ("ROE") are used at present. These indicators are consistent with the financial targets stated in the Company's Third Medium-Term Business Plan (targets: consolidated net profit and ROE; here the former is to be read as "profit attributable to owners of parent") and will be applied to each performance evaluation period during the period covered by the Plan (FY2021-FY2024) in principle.

Achievement Level	Performance Evaluation Indicator	
	Profit (component ratio: 70%)	ROE (component ratio: 30%)
100%	15.0 billion yen ≤ A	20% ≤ B
80%	13.125 billion yen ≤ A < 15.0 billion yen	17.5% ≤ B < 20%
60%	11.25 billion yen ≤ A < 13.125 billion yen	15% ≤ B < 17.5%
40%	9.375 billion yen ≤ A < 11.25 billion yen	12.5% ≤ B < 15%
20%	7.5 billion yen ≤ A < 9.375 billion yen	10% ≤ B < 12.5%
0%	A < 7.5 billion yen	B < 10%

Profit and ROE for FY2021 were 15.2 billion yen and 27.1%, respectively.

Methods to determine the number of shares to be allocated and the amount of monetary claims to be provided to each Executive Director, etc.:

- (a) Number of the Company's common shares to be allocated

Basic number of shares (\*1) x allocation rate (\*2)

- (\*1) Basic number of shares: annual amount of fixed remuneration by executive position x 10% / reference stock price

Reference stock price will be the closing price of the Company's common stock on the Tokyo Stock Exchange on the business day immediately preceding the commencement date (April 1 of each year) of Performance Evaluation Period. However, for the purpose of computing the basic number of shares for the Performance Evaluation Period of FY2021, the reference stock price is the closing price of the Company's common stock on the Tokyo Stock Exchange on June 24, 2021 (the business day immediately preceding the date of an introduction of the Stock-Based Compensation Plan).

- (\*2) Allocation rate: computed by using achievement level of each performance evaluation indicator and its component ratio

- (b) Amount of monetary claims to be provided to each Eligible Director

(Basic number of shares x allocation rate) x per share amount at the time of allocation (\*3)

- (\*3) The per share amount will be determined based on the closing price of the Company's common stock on the TSE on the business day immediately preceding the date of the resolution by the Board of Directors on issuance or disposal of its common shares, adopted after the end of the Performance Evaluation Period, (if no transaction occurs on such date, the closing price of the closest preceding trading day) within the range that is not particularly favourable to the Eligible Directors who will receive such shares.

The Company's common shares or monetary claims as assets to be contributed in kind for the acquisition of such shares will be provided to Executive Directors, etc. under the condition that an Allocation Agreement for shares of restricted stock is concluded between the Company and the Executive Directors, etc. An Executive Director, etc. will neither transfer the Company's common shares allocated under the Allocation Agreement ("Allocated Shares"), nor use them as collateral or dispose of them in any other way ("Transfer Restrictions") during the period from the date of allocation of the Company's common shares or the date of contribution of assets in kind for the acquisition of such shares to the time immediately after he/she retires or resigns from the position of Director or Executive Officer held in the Company or the position of Director held in its subsidiaries ("Transfer restriction Period"). If an Executive Director, etc. retires from the position specified above, the Company will rightfully acquire the Allocated Shares without consideration upon his/her retirement, except in the case of expiration of the term of office, death or other justifiable reasons.

#### **4. Information related to Outside Officers**

- i) Significant positions concurrently held outside the Company

As stated in section III. "1. Directors and Audit & Supervisory Board (ASB) Members (as of March 31, 2022)" on pages 13-15.



ii) Main Activities during the Period

Name	Attendance	Main Activities
Daisuke Seki (Outside Director) 〈Independent Officer〉	100% of BD meetings	He has performed his roles expected of him as Outside Director, such as by providing advice for the Company's management and supervising its business execution at BD meetings and other occasions from an objective point of view, based on a wealth of company management experience and achievement in the energy industry. He has also served as a member of the Nomination and Remuneration Advisory Committee and discussed matters related to the nomination and remuneration of directors.
Toshiki Matsumura (Outside Director) 〈Independent Officer〉	100% of BD meetings	He has performed his roles expected of him as Outside Director, such as by providing advice for the Company's management and supervising its business execution at BD meetings and other occasions from an objective point of view, based on a wealth of company management experience and achievement in the materials industry. He has also chaired meetings of the Nomination and Remuneration Advisory Committee and discussed matters related to nomination and remuneration of directors.
Mohammed Alshubrumi (Outside Director) 〈Independent Officer〉	100% of BD meetings	He has performed his roles expected of him as Outside Director, such as by providing advice for the Company's management and supervising its business execution at BD meetings and other occasions from an objective point of view, based on a wealth of experience and expertise in government organizations of a Middle East oil producing country.
Khaled Al-Sabah (Outside Director) 〈Independent Officer〉	100% of BD meetings	He has performed his roles expected of him as Outside Director, such as by providing advice for the Company's management and supervising its business execution at BD meetings and other occasions from an objective point of view, based on a wealth of experience and expertise in a national oil company of a Middle East oil producing country.
Tsuyoshi Inoue (Outside ASB Member) 〈Independent Officer〉	100% of BD meetings 100% of ASB meetings	He has provided comments and questions at BD and ASB meetings and other occasions from the perspective of auditing the directors' execution of duties, by employing a wealth of experience and expertise in finance and accounting, acquired through his service in a financial institution, as well as experience and insight as director and ASB member of some of the leading companies of Japan.
Koichi Chikaraishi (Outside ASB Member) 〈Independent Officer〉	100% of BD meetings 100% of ASB meetings	He has provided comments and questions at BD and ASB meetings and other occasions from the perspective of auditing the directors' execution of duties, by employing a wealth of management experience and insight as a business manager of one of the leading companies in Japan.
Tomoko Sakamoto (Outside ASB Member) 〈Independent Officer〉	100% of BD meetings 100% of ASB meetings	She has provided comments and questions at BD and ASB meetings and other occasions from the perspective of auditing the directors' execution of duties, by employing a wealth of experience and expertise in law as an attorney as well as experience and insight as director and ASB member of leading companies of Japan.

Note: Fractional amounts less than the unit indicated are rounded down in this report.

Consolidated Balance Sheet

(As of March 31, 2022)

(Unit : Millions of Yen)

<u>Assets</u>		<u>Liabilities</u>	
<u>Current assets</u>	<u>224,971</u>	<u>Current liabilities</u>	<u>247,184</u>
Cash and deposits	11,388	Accounts payable-trade	67,145
Notes and accounts receivable-trade, and contract assets	78,707	Short-term loans payable	112,018
Securities	100	Current portion of long-term loans payable	14,133
Inventories	117,862	Accounts payable-other	30,323
Accounts receivable-other	13,345	Excise taxes payable on gasoline and other fuels	16,370
Other	3,567	Income taxes payable	944
		Provision for bonuses	470
		Other	5,778
 <u>Noncurrent assets</u>	 <u>127,871</u>	 <u>Noncurrent liabilities</u>	 <u>41,118</u>
Property, plant and equipment	104,065	Long-term loans payable	25,943
Buildings and structures	12,653	Deferred tax liabilities	8,760
Storage tanks	2,974	Net defined benefit liability	1,849
Machinery, equipment and vehicles	34,409	Provision for directors' retirement benefits	20
Land	51,542	Provision for special repairs	2,452
Construction in progress	1,956	Provision for repairs	1,510
Other	529	Other	582
Intangible assets	758		
Software	624	<u>Total liabilities</u>	<u>288,302</u>
Other	134		
Investments and other assets	23,047	<u>Net assets</u>	
Investment securities	21,130	<u>Shareholders' equity</u>	<u>64,508</u>
Long-term loans receivable	679	Capital stock	24,467
Net defined benefit asset	859	Capital surplus	25,495
Other	785	Retained earnings	15,977
Allowance for doubtful accounts	-408	Treasury stock	-1,431
		 <u>Accumulated other comprehensive income</u>	 <u>-139</u>
		Valuation difference on available-for-sale securities	612
		Deferred gains or losses on hedges	-591
		Revaluation reserve for land	1
		Foreign currency translation adjustments	-950
		Remeasurements of defined benefit plans	789
		 <u>Non-controlling interests</u>	 <u>170</u>
		<u>Total net assets</u>	<u>64,539</u>
 <u>Total assets</u>	 <u>352,842</u>	 <u>Total liabilities and net assets</u>	 <u>352,842</u>

Consolidated Statement of Income  
(From April 1, 2021 to March 31, 2022)

(Unit: Millions of Yen)

Account	Amount
Net sales	485,302
Cost of sales	465,185
Gross profit	20,117
Selling, general and administrative expenses	4,577
Operating profit	15,539
Non-operating income	3,006
Interest income	21
Dividends income	284
Foreign exchange gains	652
Equity in earnings of affiliates	831
Subsidy income	711
Rent income of storage tanks	241
Other	261
Non-operating expenses	2,468
Interest expenses	1,533
Rent expenses on storage tanks	265
Other	669
Ordinary profit	16,076
Extraordinary income	740
Gain on sale of noncurrent assets	18
Insurance claim income	711
Other	10
Extraordinary losses	65
Loss on retirement of noncurrent assets	64
Impairment losses	0
Profit before income taxes	16,751
Income taxes-current	1,569
Income taxes-deferred	-36
Profit	15,219
Profit attributable to non-controlling interests	15
Profit attributable to owners of parent	15,203

Balance sheet  
( As of March 31, 2022 )

( Unit : Millions of Yen )

Fuji Oil Company, Ltd.

<u>Assets</u>		<u>Liabilities</u>	
<u>Current assets</u>	<u>216,152</u>	<u>Current liabilities</u>	<u>248,554</u>
Cash and deposits	4,298	Accounts payable-trade	66,227
Accounts receivable-trade	77,088	Short-term loans payable	114,098
Merchandise and finished goods	34,212	Current portion of long-term loans payable	14,133
Raw materials and supplies	83,618	Lease obligations	42
Accounts receivable-other	13,405	Accounts payable-other	30,809
Prepaid expenses	1,354	Excise taxes payable on gasoline and other fuels	16,370
Short-term loans receivable	37	Income taxes payable	904
Other	2,137	Accrued expenses	173
		Deposits received	103
		Provision for bonuses	329
		Other	5,361
 <u>Noncurrent assets</u>	 <u>116,689</u>	 <u>Noncurrent liabilities</u>	 <u>40,402</u>
Property, plant and equipment	102,034	Long-term loans payable	25,943
Buildings	4,223	Lease obligations	92
Storage tanks	2,974	Deferred tax liabilities	8,396
Structures	7,991	Provision for retirement benefits	1,599
Machinery and equipment	33,864	Provision for special repairs	2,452
Vehicles	0	Provision for repairs	1,510
Tools, furniture and fixtures	195	Asset retirement obligations	103
Land	50,709	Other	304
Lease assets	118		
Construction in progress	1,956		
Intangible assets	610	<u>Total liabilities</u>	<u>288,957</u>
Software	602		
Other	7	<u>Net assets</u>	
Investments and other assets	14,044	<u>Shareholders' equity</u>	<u>42,017</u>
Investment securities	1,091	Capital stock	24,467
Stocks of affiliated companies	12,078	Capital surplus	2,480
Long-term loans receivable	678	Legal capital surplus	2,480
Other	604	Retained earnings	16,867
Allowance for doubtful accounts	-408	Legal retained earnings	77
		Other retained earnings	16,790
		Retained earnings brought forward	16,790
		Treasury stock	-1,797
		<u>Valuation and translation adjustments</u>	<u>1,866</u>
		Valuation difference on available-for-sale securities	525
		Deferred gains or losses on hedges	-591
		Revaluation reserve for land	1,932
		<u>Total net assets</u>	<u>43,884</u>
<u>Total assets</u>	<u>332,842</u>	<u>Total liabilities and net assets</u>	<u>332,842</u>

## Statements of income

(For the period from April 1, 2021 to March 31, 2022)

(Unit: Millions of Yen)

Fuji Oil Company, Ltd.

Account	Amount
Net sales	476,215
Cost of sales	457,241
Gross profit	18,974
Selling, general and administrative expenses	3,822
Operating profit	15,151
Non-operating income	2,050
Interest income	14
Dividends income	300
Foreign exchange gains	633
Subsidy income	711
Rent income of storage tanks	241
Other	149
Non-operating expenses	2,427
Interest expenses	1,539
Rent expenses on storage tanks	265
Other	621
Ordinary profit	14,775
Extraordinary income	722
Insurance claim income	711
Gain on sale of noncurrent assets	10
Extraordinary losses	53
Loss on retirement of noncurrent assets	53
Profit before income taxes	15,444
Income taxes-current	1,956
Income taxes-deferred	-41
Profit	13,529

## Independent Auditor's Report

To the Board of Directors of Fuji Oil Company, Ltd.

### **Opinion**

We have audited the consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the related notes of Fuji Oil Company, Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), as at March 31, 2022 and for the year from April 1, 2021 to March 31, 2022 in accordance with Article 444-4 of the Companies Act.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and the results of operations of the Group for the period, for which the consolidated financial statements were prepared, in accordance with accounting principles generally accepted in Japan.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Information**

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. **Audit & Supervisory Board** are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of Management and Audit & Supervisory Board for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's

ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

**Audit & Supervisory Board** are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with **Audit & Supervisory Board** regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide **Audit & Supervisory Board** with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Interest required to be disclosed by the Certified Public Accountants Act of Japan**

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Hiroo Iwaide  
Designated Engagement Partner  
Certified Public Accountant

Takatomi Yoshida  
Designated Engagement Partner  
Certified Public Accountant

KPMG AZSA LLC  
Tokyo Office, Japan  
May 12, 2022



## Independent Auditor's Report

To the Board of Directors of Fuji Oil Company, Ltd.

### **Opinion**

We have audited the financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules (“the financial statements and the accompanying supplementary schedules”) of Fuji Oil Company, Ltd. (“the Company”) as at March 31, 2022 and for the year from April 1, 2021 to March 31, 2022 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position and the results of operations of the Company for the period, for which the financial statements and the accompanying supplementary schedules were prepared, in accordance with accounting principles generally accepted in Japan.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Information**

The other information comprises the business report and its supplementary schedules. Management is responsible for the preparation and presentation of the other information. The audit and supervisory committee are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the reporting process for the other information.

Our opinion on the financial statements and the accompanying supplementary schedules does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements and the accompanying supplementary schedules, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the accompanying supplementary schedules or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of Management and Audit & Supervisory Board for the Financial Statements and the Accompanying Supplementary Schedules**

Management is responsible for the preparation and fair presentation of the financial statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements and the Accompanying Supplementary Schedules**

Our objectives are to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements and the accompanying supplementary schedules.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: Identify and assess the risks of material misstatement of the financial statements and the accompanying supplementary schedules, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the accompanying supplementary schedules or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the presentation and disclosures in the financial statements and the accompanying supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the accompanying supplementary schedules, including the disclosures, and whether the financial statements and the accompanying supplementary schedules represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**Interest required to be disclosed by the Certified Public Accountants Act of Japan**

We do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Hiroo Iwaide  
Designated Engagement Partner  
Certified Public Accountant

Takatomi Yoshida  
Designated Engagement Partner  
Certified Public Accountant

KPMG AZSA LLC  
Tokyo Office, Japan  
May 12, 2022

Audit Report  
(Translation)

With respect to Directors' execution of their duties during the 20th financial year (from April 1, 2021 to March 31, 2022), the Audit & Supervisory Board (ASB) of Fuji Oil Company, Ltd. has prepared this audit report after deliberations based on the audit reports prepared by each ASB Member, and hereby reports as follows:

1. Methods and Contents of Audit by ASB Member and the ASB

- (1) The ASB has established the audit policies, the audit plan, etc. and received a report from each ASB Member regarding the status of implementation of their audits and results thereof. In addition, the ASB has received reports from Directors, the accounting auditor, etc. regarding the status of execution of their duties, and requested explanations as necessary.
- (2) In accordance with the audit policies, the audit plan, etc., each ASB Member endeavored to facilitate a mutual understanding with Directors and Internal Audit Department, etc., endeavored to collect information and maintain and improve the audit environment, and conducted audits in the following methods:
  - (i) Each ASB Member has attended the meetings of the Board of Directors and other important meetings, received reports on the status of execution of duties from Directors and Internal Audit Department and requested explanations as necessary, examined important approval/decision documents, and inspected the status of the corporate affairs and assets of the Company. With respect to the subsidiaries, each ASB Member received from subsidiaries reports on their respective business as necessary.
  - (ii) Each ASB Member received reports from Directors and Internal Audit Department on a regular basis on the establishment and implementation status of (i) the systems to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Association of the Company, and other systems necessary to ensure the properness of operations of the Company as well as the Company group that is comprised of the Company and its subsidiaries (Fundamental Policy for the Development of Internal Control Systems) as described in the Business Report and (ii) the systems (internal control systems) based on such resolutions, requested explanations, and expressed his opinions as necessary. With regard to the internal control systems over financial reporting, each ASB Member has received reports from the Board of Directors, the accounting auditor, KPMG AZSA LLP, etc. regarding the assessment of such systems and the status of audits, and requested explanations as necessary.
  - (iii) Each ASB Member monitored and verified whether the accounting auditor, KPMG AZSA LLP, maintained its independence and properly conducted its audit, received a report from the accounting auditor, KPMG AZSA LLP, on the status of its execution of duties, and requested explanations as necessary. Each ASB Member was notified by the accounting auditor, KPMG AZSA LLP, that it had established a "system to ensure that the execution of the duties of the accounting auditor be properly conducted" (pursuant to the items of Article 131 of the Company Accounting Ordinance) in accordance with the "Quality Control Standards for Audits" (Business Accounting Council on October 28, 2005), and requested explanations as necessary. In addition, we discussed main matters in auditing with KPMG AZSA LLC, received reports on the implementation status of their audit, and requested explanations as necessary.

Based on the above-described methods, each ASB Member examined the Business Report and Supplementary Detailed Statements thereof, the Financial Statements (Balance Sheet, Profit and Loss Statement, Statement of Change in Net Assets, and Notes to Financial Statements) and the Supplementary Detailed Statements thereof, as well as the Consolidated Financial Statements (Consolidated Balance Sheet, Consolidated Profit and Loss Statement, Consolidated Statement of Change in Net Assets, and Notes to Consolidated Financial Statements), for the business year under consideration.

## 2. Results of Audit

### (1) Results of Audit of Business Report, etc.

- (i) We acknowledge that the Business Report and Supplementary Detailed Statements thereof fairly present the status of the Company in conformity with the applicable laws and regulations and Articles of Association of the Company.
- (ii) We acknowledge that no misconduct or material fact constituting a violation of any law or regulation or Articles of Association of the Company was found with respect to Directors' execution of their duties.
- (iii) We acknowledge that the Board of Directors' resolutions with respect to the internal control systems are appropriate. We did not find any matter to be mentioned with respect to the contents of the Business Report concerning the establishment and implementation status of internal control systems and Directors' execution of their duties, including internal control over financial reporting.

### (2) Results of Audit of Financial Statements and Supplementary Detailed Statements thereof

We acknowledge that the methods and results of audit performed by the accounting auditor, KPMG AZSA LLC, are appropriate.

### (3) Results of Audit of Consolidated Financial Statements

We acknowledge that the methods and results of audit performed by the accounting auditor, KPMG AZSA LLC, are appropriate.

May 13, 2022

AUDIT & SUPERVISORY BOARD of FUJI OIL COMPANY, LTD .

Full-time Audit & Supervisory Board Member : Tetsuo Ishii (seal)  
Outside Audit & Supervisory Board Member : Tsuyoshi Inoue (seal)  
Outside Audit & Supervisory Board Member : Koichi Chikaraishi (seal)  
Outside Audit & Supervisory Board Member : Tomoko Sakamoto (seal)

(Under their hands)