

Stock Code: 5017  
June 4, 2021

To Our Shareholders

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

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

Dear Shareholders:

Please be informed that we will be holding the 19th 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 Thursday, June 24, 2021 (JST).

## AGENDA

1. **Date and Time** : Friday, June 25, 2021 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 19th Financial Year (April 1, 2020 - March 31, 2021)
- 2: To report the Non-Consolidated Financial Statements for the 19th Financial Year (April 1, 2020 - March 31, 2021)

#### Items to be Resolved

- Proposition I : To Distribute Surplus**  
**Proposition II : To Elect Nine Directors**  
**Proposition III : On Introduction of Performance-Linked  
Restricted Stock-Based Compensation Plan for  
Directors (excluding Outside Directors)**

#### <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 in the last 14 days may be denied participation in the AGM. Returnees from abroad in the last 14 days 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 “Business Report for the 19th 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 Group'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 FY2020 and the financial forecasts for FY2021 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 28, 2021

## **Proposition II : To Elect Nine Directors**

The terms of office for all twelve incumbent Directors expire as of the close of the 19th AGM. The Company proposes the election of nine Directors, decreased by three, to enhance the efficiency of the Company's management system.

The Director-Candidates are as follows:

Candidate No.		Name	Current positions and responsibilities in the Company [responsibilities enclosed in brackets]	Attendance at Board of Directors meetings in FY2020
1	Re-appoint	Atsuo Shibota	Representing Director Director-President	100%
2	Re-appoint	Shigeto Yamamoto	Senior Managing Director [Supply & Trading Dept.]	100%
3	Re-appoint	Katsunori Yagi	Representing Director Senior Managing Director General Manager of Sodegaura Refinery	100%
4	Re-appoint Outside Independent	Daisuke Seki	Director	100%
5	Re-appoint Outside Independent	Toshiki Matsumura	Director	100%
6	New appoint Outside Independent	Mohammed Alshubrumi	—	—
7	Re-appoint Outside	Khaled Al-Sabah	Director	100%
8	Re-appoint	Takahiko Yamamoto	Director [General Administration Dept.; Safety & Environmental Protection Office]	100%
9	Re-appoint	Masayuki Tsuda	Director [Finance & Accounting Dept.]	100%

**Re-appoint** Candidate for re-appointment as Director      **New appoint** Candidate for new appointment as Director

**Outside** Candidate who satisfies the requirements for Outside Director set forth in the Companies Act

**Independent** Independent Officer who has been or will be registered as such with the Tokyo Stock Exchange, Inc.

## (Profiles of Candidates)

Candi- date No.	Name (Date of Birth)	Brief history, Positions and responsibilities in the Company, and Significant positions concurrently held outside the Company	Number of the Company's share held
1	Atsuo Shibota (May 14, 1954)  <div>Re-appoint</div>	<p>1977.4    Joined Ministry of International Trade and Industry (now, Ministry of Economy, Trade and Industry (METI))</p> <p>2003.7    Director-General, Trade Control Dept., Trade and Economic Cooperation Bureau, METI</p> <p>2005.9    General Manager, Beijing Center, Japan External Trade Organization</p> <p>2008.7    Senior Fellow, Research Group, Research Institute of Economy, Trade &amp; Industry cum Director for Energy, Agency for Natural Resources and Energy, METI</p> <p>2009.7    Director-General, Trade and Economic Cooperation Bureau, METI</p> <p>2010.7    Director-General of Customs and Tariff Bureau, Ministry of Finance cum President of Customs Training Institute</p> <p>2012.8    Retired from office</p> <p>2012.11   Adviser, former Fuji Oil Company, Ltd. (FOC)</p> <p>2013.4    Representing Director - Senior Managing Director, former FOC</p> <p>2013.10   Representing Director-Senior Managing Director, the Company</p> <p>2014.6    Representing Director-President, the Company [Present]</p> <p>Reasons for nomination: Mr. Atsuo Shibota has served as Representing Director-Senior Managing Director and then as Representing Director -President of the Company, and has been supervising its overall management based on his deep knowledge of the Company's business. He also has high level insight especially in the area of energy, acquired through his many years' service in development of Japan's economy and industry. We propose the re-election of Mr. Atsuo Shibota as Director based on our judgment that he is well suited for the role of Director.</p>	17,000

2	<p>Shigeto Yamamoto (May 22, 1957)</p> <p><u>Re-appoint</u></p>	<p>1981.4    Joined former FOC</p> <p>2012.7    General Manager, Marketing &amp; Supply Dept.,              former FOC</p> <p>2012.7    Director, PETRO PROGRESS PTE LTD (PPS)              [Present]</p> <p>2013.7    Associate, General Manager, Marketing &amp;              Supply Dept., former FOC</p> <p>2013.10   Associate, General Manager, Marketing &amp;              Supply Dept., the Company</p> <p>2014.6    Director cum General Manager, Marketing &amp;              Supply Dept., the Company</p> <p>2014.6    Representing Director-President, Petro Progress              Inc. (PPT) [Present]</p> <p>2017.6    Managing Director, the Company</p> <p>2020.6    Senior Managing Director, the Company [Present]</p> <p>Significant positions concurrently held: Representing Director-President, PPT Director, PPS</p> <p>Responsibility in the Company: Supply &amp; Trading Dept.</p>	18,300
3	<p>Katsunori Yagi (Jan. 24, 1958)</p> <p><u>Re-appoint</u></p>	<p>1981.4    Joined former FOC</p> <p>2007.6    General Manager, Operation Management Dept.,              former FOC</p> <p>2011.6    General Manager, Refining Dept., former FOC</p> <p>2012.7    Associate, General Manager, Refining Dept.,              former FOC</p> <p>2013.10   Associate, General Manager, Refining Dept.,              the Company</p> <p>2014.6    Director, Deputy General Manager of Sodegaura              Refinery (in charge of Refining Dept.) cum              General Manager, Refining Dept.,              the Company</p> <p>2017.6    Managing Director cum General Manager of              Sodegaura Refinery, the Company</p> <p>2019.6    Representing Director-Managing Director cum              General Manager of Sodegaura Refinery,              the Company</p> <p>2020.6    Representing Director- Senior Managing Director              cum General Manager of Sodegaura              Refinery, the Company [Present]</p> <p>Reasons for nomination: Mr. Katsunori Yagi has served as General Manager of Refining Dept., Managing Director and then as Senior Managing Director of the Company and has been overseeing overall management of Sodegaura Refinery as General Manager of Sodegaura Refinery based on his wealth of experience and achievement in the Company's business. We propose the re-election of Mr. Katsunori Yagi as Director based on our judgment that he is well suited for the role of Director.</p>	19,100

4	<p>Daisuke Seki (Sep. 2, 1954)</p> <p><u>Re-appoint</u></p> <p><b>Outside</b></p> <p><u>Independent</u></p> <p>Years of outside directorship: 2 years</p>	<p>1977.4 Joined Idemitsu Kosan Co., Ltd.(IDEMITSU)</p> <p>2007.4 Deputy General Manager of Chiba Refinery and Deputy General Manager of Chiba Plant, IDEMITSU</p> <p>2009.6 Executive Officer cum General Manager of Sales Dept., IDEMITSU</p> <p>2011.4 Executive Officer cum General Manager of Supply and Demand Dept., IDEMITSU</p> <p>2011.7 Managing Executive Officer cum General Manager of Supply and Demand Dept., IDEMITSU</p> <p>2012.6 Director, Managing Executive Officer cum General Manager of Supply and Demand Dept., IDEMITSU</p> <p>2013.6 Managing Director, IDEMITSU</p> <p>2014.6 Executive Vice President and Representative Director, IDEMITSU</p> <p>2018.3 Director (Outside), Showa Shell Sekiyu K.K. (SSS (now, IDEMITSU))</p> <p>2019.3 Retired from the above position of SSS</p> <p>2019.6 Director (Outside), the Company [Present]</p>	Nil
		<p>Reasons for nomination as Outside Director and outline of expect roles: Mr. Daisuke Seki has a wealth of management experience and achievement as a business manager of one of the top energy companies in Japan. We propose the re-election of Mr. Daisuke Seki as Outside Director based on our judgment that his advice on the Company's management from an independent perspective will contribute to the enhancement of our corporate governance. After the election, we expect him to perform the roles of monitoring management, etc. appropriately by making use of his knowledge in business management.</p>	
5	<p>Toshiki Matsumura (Mar. 5, 1953)</p> <p><u>Re-appoint</u></p> <p><b>Outside</b></p> <p><u>Independent</u></p> <p>Years of outside directorship: 2 years</p>	<p>1975.4 Joined Sumitomo Chemical Company, Limited (SCC)</p> <p>2003.6 General Manager, Technical and Corporate Planning Office, SCC</p> <p>2005.6 General Manager, Rabigh Project Preparatory Office, SCC</p> <p>2005.8 General Manager, Rabigh Project Office, SCC</p> <p>2005.12 Executive Officer in charge of Rabigh Refining &amp; Petrochemical Company, SCC</p> <p>2009.6 Director cum General Manager, Corporate Planning Office, Koei Chemical Company, Limited (KOEI)</p> <p>2010.6 Director and Executive Officer, KOEI</p> <p>2012.4 Director and Managing Executive Officer, KOEI</p> <p>2013.4 Director, Managing Executive Officer cum General Manager, Strategy Planning Office, KOEI</p> <p>2015.4 Director, Senior Managing Executive Officer cum General Manager, Strategy Planning Office, KOEI</p> <p>2016.6 Retired from the above positions of KOEI</p> <p>2019.6 Director (Outside), the Company [Present]</p>	Nil
		<p>Reasons for nomination as Outside Director and outline of expect role: Mr. Toshiki Matsumura has a wealth of experience and insight acquired through serving in one of the top material companies in Japan as well as extensive management experience and achievement as a business manager of a material company. We propose the re-election of Mr. Toshiki Matsumura as Outside Director based on our judgment that his advice on the Company's management from an independent perspective will contribute to the enhancement of our corporate governance. After the election, we expect him to perform the roles of monitoring management, etc. appropriately by making use of his knowledge in business management.</p>	



6	<p>Mohammed Alshubrumi (Dec. 19, 1987)</p> <p><u>New appoint</u></p> <p><b>Outside</b></p> <p><u>Independent</u></p>	<p>2011.8 Joined the Law Office of Dr. Mohammed Darweesh Salamah</p> <p>2014.6 Joined Khoshaim &amp; Associates in cooperation with Allen &amp; Overy</p> <p>2017.6 Legal Advisor to HRH the Minister, Ministry of Energy, Government of Kingdom of Saudi Arabia [Present]</p>	Nil
		<p>Significant positions concurrently held: Legal Advisor to HRH the Minister, Ministry of Energy, Government of Kingdom of Saudi Arabia</p>	
		<p>Reasons for nomination as Outside Director and outline of expect role: Mr. Mohammed Alshubrumi has a wealth of experience and knowledge acquired through serving in a government organization in one of the Middle East oil producing countries. We propose the election of Mr. Mohammed Alshubrumi as Outside Director based on our judgment that his advice on the Company's management from an independent perspective is valuable to promote the business of the Company group. After the election, we expect him to perform the roles of monitoring management, etc. appropriately by making use of his knowledge in the global energy situation.</p>	
7	<p>Khaled Al-Sabah (Jun. 28, 1967)</p> <p><u>Re-appoint</u></p> <p><b>Outside</b></p> <p>Years of outside directorship: 2 years</p>	<p>1992.11 Joined Kuwait Petroleum Corporation (KPC)</p> <p>2009.8 Manager, Bunker Sales Dept., KPC</p> <p>2013.9 Manager, Naphtha/Mogas/LPG Sales, cum the head of LNG Negotiations Committee, KPC</p> <p>2017.8 Manager, Planning and Marketing, KPC</p> <p>2017.10 Deputy Managing Director, International Marketing Sales, KPC [Present]</p> <p>2019.6 Director (Outside), the Company [Present]</p>	Nil
		<p>Significant positions concurrently held: Deputy Managing Director, International Marketing Sales, KPC</p>	
		<p>Reasons for nomination as Outside Director and outline of expect role: Sheikh Khaled Al-Sabah has a wealth of experience and knowledge acquired through serving in a national oil company in one of the Middle East oil producing countries. We propose the re-election of Sheikh Khaled Al-Sabah as Outside Director based on our judgment that his advice on the Company's management from an outside perspective is valuable to promote the business of the Company group. After the election, we expect him to perform the roles of monitoring management, etc. appropriately by making use of his knowledge in the global oil situation and international marketing.</p>	

8	Takahiko Yamamoto (Sep. 27, 1959)  <u>Re-appoint</u>	1983.4    Joined former FOC 2014.5    General Manager, Administration Dept., the Company 2014.6    Deputy General Manager of Sodegaura Refinery (in charge of Administration Dept. and TPM Promotion Office), cum General Manager, Administration Dept., the Company 2014.7    Associate, Deputy General Manager of Sodegaura Refinery (in charge of Administration Dept. and TPM Promotion Office) cum General Manager, Administration Dept., the Company 2017.6    Director, the Company [Present]	14,900
		Responsibility in the Company: General Administration Dept.; Safety & Environmental Protection Office	
		Reasons for nomination: Mr. Takahiko Yamamoto has served as General Manager of Administration Dept. and then as Director of the Company, and has been overseeing general affairs of the Company and safe operation and reduction of environmental burden of the Company's refinery as Director in charge of General Administration Dept. and Safety & Environmental Protection Office based on his wealth of experience and achievement in the Company's business. We propose the re-election of Mr. Takahiko Yamamoto as Director based on our judgment that he is well suited for the role of Director.	
9	Masayuki Tsuda (Apr. 6, 1962)  <u>Re-appoint</u>	1985.4    Joined the Development Bank of Japan Inc. (DBJ) 2012.4    Head of Credit Analysis Dept., DBJ 2014.6    Executive Officer, Head of Human Resources Management Dept., DBJ 2017.6    Managing Executive Officer, DBJ 2019.6    Retired from above position of DBJ 2019.6    Director, the Company [Present]	5,800
		Responsibility in the Company: Finance & Accounting Dept.	
		Reasons for nomination: Mr. Masayuki Tsuda has been supervising financing and accounting affairs of the Company as Director in charge of Finance & Accounting Dept. based on his deep knowledge of the Company's business. He has also a wealth of experience and extensive expertise in finance and accounting, acquired through his service in a financial institution. We propose the re-election of Mr. Masayuki Tsuda as Director based on our judgment that he is well suited for the role of Director.	

- Note :
1. Years of outside directorship of each Outside Director-candidate are as of the close of the 19th AGM.
  2. Sheikh Khaled Al-Sabah has a concurrent position of Deputy Managing Director, International Marketing Sales of KPC. The Company has a business relationship with KPC in purchasing of crude oil and others.
  3. The Company has no special interest concerning business relationships with the other Director-Candidates.
  4. 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 the Director-Candidates are (re-)elected, they 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.
  5. Mr. Daisuke Seki has been for a part of the past ten years an operating officer of IDEMITSU, one of the Company's specified affiliated entities.
  6. Sheikh Khaled Al-Sabah is an operating officer of KPC, one of the Company's specified affiliated entities.
  7. Mr. Daisuke Seki and Mr. Toshiki Matsumura satisfy the Company's criteria for Independence of Outside Officers, and have been registered as Independent Officers with the Tokyo Stock Exchange, Inc. pursuant to the rules of the Exchange.
  8. Mr. Mohammed Alshubrumi 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.

(Reference)

The Company aims to ensure effectiveness of the Board by constituting it by persons with expertise and experience in diverse areas.

Our Directors and Audit & Supervisory Board Members will be as follows if Proposition II is approved as proposed:

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

Officers			Areas of Expertise and Experience to which Officers are Expected to Contribute					
			Corporate Management	Technology / Manufacturing	Finance / Accounting	Law	Sales / Marketing	International experience
Director	(Mr.) Atsuo Shibota		●			●		●
	(Mr.) Shigeto Yamamoto		●				●	●
	(Mr.) Katsunori Yagi		●	●				
	(Mr.) Daisuke Seki	Outside Independent	●				●	●
	(Mr.) Toshiki Matsumura	Outside Independent	●				●	●
	(Mr.) Mohammed Alshubrumi	Outside Independent	●			●		●
	(Mr.) Khaled Al-Sabah	Outside	●				●	●
	(Mr.) Takahiko Yamamoto		●		●	●	●	●
	(Mr.) Masayuki Tsuda		●		●		●	●
Audit & Supervisory Board Member	(Mr.) Tetsuo Ishii		●		●	●	●	●
	(Mr.) Tsuyoshi Inoue	Outside Independent	●		●			●
	(Mr.) Koichi Chikaraishi	Outside Independent	●				●	●
	(Ms.) Tomoko Sakamoto	Outside Independent	●			●		

**Proposition III : On Introduction of Performance-Linked Restricted Stock-Based Compensation Plan for Directors (excluding Outside Directors)**

At the 16th Annual General Meeting of Shareholders held on June 27, 2018, the Company decided that the amount of remuneration for Directors was 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).

On this occasion, as part of its review of the officers' remuneration system, the Company would like to newly introduce a Performance-Linked Restricted Stock-Based Compensation Plan ("Plan") for its Directors (excluding Outside Directors, ("Eligible Directors")), separately from the existing remuneration framework, for the purpose of providing an incentive to the Eligible Directors to improve the Company's corporate value on a sustainable basis by further clarifying the linkage between the directors' remuneration and the its business performance and further promoting shared value with its shareholders.

This Proposition for an introduction of the Plan has gone through deliberations by the Company's Nomination and Remuneration Advisory Committee, which is chaired by an outside independent officer and the majority of whose members are also outside independent officers, so that the appropriateness of the remuneration levels for its Directors and the contents of the Plan is ensured.

Under this Proposition, the Company will provide the Eligible Directors with Performance-Linked Restricted Stock-Based Compensation in the form of either i) the common shares of the Company, or ii) monetary claims to be contributed in-kind for acquisition of such shares; and the Eligible Directors will receive common shares of the Company to be issued or disposed of by the Company based on the resolution of its Board of Directors. The total value of the common shares of the Company or the total amount of monetary claims to be provided as remuneration based on this Proposition will not exceed 33 million yen per year, not including employee salaries paid to Directors who serve concurrently as employees.

In the case where the Company provides not monetary claims but common shares of the Company to the Eligible Directors, such common shares are issued or disposed of by the Company as remuneration for Directors and do not require payment of money in return. The amount of the said remuneration will be computed using the per share amount which will be determined by the Board of Directors based on the closing price of the Company's common stock on the Tokyo Stock Exchange ("TSE") on the business day immediately preceding the date of each resolution by the Board of Directors on the issuance or disposal of the common shares (if no transaction occurs on such date, the closing price of the closest preceding trading day).

In the case where the Company provides monetary claims to the Eligible Directors as assets to be contributed in kind for the acquisition of its common shares,

the Eligible Directors will make contribution in kind to the Company using the entire amount of the monetary claims as contributed assets and will in return receive the common shares to be issued or disposed of by the Company based on the resolution by the Company's Board of Director. In this case, the paid-in amount per share will be determined by its Board of Directors based on the closing price of the its common stock on the TSE on the business day immediately preceding the date of each resolution by the Board of Directors (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 common shares of the Company.

The total number of the Company's common shares to be issued or disposed of to the Eligible Directors will not exceed 165 thousand shares per year (provided, however, that the total number of such shares may be adjusted within a reasonable range if a stock split of the Company's common stock (including a gratis allocation of its common shares) or a share consolidation is undertaken, or if there is an event requiring adjustment of the total number of the Company's common shares to be issued or disposed of as transfer restricted stock effective on or after the date of approval of this Proposition; the same will apply hereinafter.)

The specific timing and details of the remuneration for each Eligible Director will be separately decided by the Board of Directors.

The number of the Company's Directors is currently twelve (of which four are Outside Directors). If Proposition II "To Elect Nine Directors" is approved as originally proposed, the number of the Directors will be nine (of which four are Outside Directors).

For the issuance or disposal of the Company's common shares or provision of monetary claims as assets to be contributed in kind for the acquisition of such shares based on this Proposition, the Company and the Eligible Directors will, as a condition, enter into a restricted stock allocation agreement ("Allocation Agreement"), whose outline is as described in (3) below.

The Company has determined the upper limit of the amount of the remuneration, total number of its common shares to be issued or disposed of, and other conditions for allocation of such shares to the Eligible Directors under this Proposition by taking into consideration the purposes described above, its business conditions, its "Policy on Decisions on Content of Remunerations for Each Director" of the Company (for the details of the Policy, please refer to pages 13-15 of the "Report for the 19th Financial year") and other circumstances, and believes them to be reasonable.

#### [Overview of the Plan]

Under this Plan, the Company will provide the Eligible Directors with Performance-Linked Restricted Stock-Based Compensation in the form of either i) the Company's common shares, or ii) monetary claims as assets to be contributed

in kind for the acquisition of such shares; and the Eligible Directors will receive such shares to be issued or disposed of by the Company based on the resolution of the Company's Board of Directors after the end of one financial year of the Company ("Performance Evaluation Period") in principle, commensurate with the achievement levels of performance indicators that will be predetermined by the Board of Directors (in the beginning, profit attributable to owners of parent ("Profit") and Consolidated ROE will be used for such indicators) ("Performance Evaluation Indicators") for each Performance Evaluation Period.

Allocation of the Company's common shares or provision of the monetary claims as assets to be contributed in kind for the acquisition of such shares will be made after the Performance Evaluation Period in principle. Since the provision of the Company's common shares or the monetary claims as assets to be contributed in kind for the acquisition of such shares is based on the achievement levels of the Performance Evaluation Indicators, it is not determined at the time of the Plan's introduction whether or not the common shares is allocated to each Eligible Director, what are the number of such shares and the amount of monetary claims for the acquisition of such shares.

The initial Performance Evaluation Period and Performance Evaluation Indicators will be as shown in the table below. Implementation of the Plan will be able to be continued beyond the initial Performance Evaluation Period within the range approved by this General Meeting of Shareholders.

<Reference: Initial Indicators and Period>

Performance Evaluation Indicators	Performance Evaluation Period	Component ratio
Profit	1 year	70%
Consolidated ROE	1 year	30%

If this Proposition is approved, the initial Performance Evaluation Period will be the financial year of April 1, 2021 to March 31, 2022, and the minimum levels of the Performance Evaluation Indicators to be achieved will be 7,500 million yen in Profit and 10% in Consolidated ROE, respectively.

<Structure of the Plan>

- (1) Methods to determine the number of shares to be allocated and the amount of monetary claims to be provided

The Company will use the following formula (a) to compute the number of its common shares to be allocated to each Eligible Director, and formula (b) to compute the amount of monetary claims to be provided as assets to be contributed in kind for the acquisition of such shares to each Eligible Director.

- (a) Number of the Company's common shares to be issued or disposed of to

each Eligible Director

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

(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)

- (\*1) The basic number of shares will be predetermined by the Board of Directors of the Company.
- (\*2) The allocation rate will be predetermined by the Board of Directors of the Company within a range from 0 to 100% based on the achievement level of each Performance Evaluation Indicator for the applicable Performance Evaluation Period.
- (\*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.

(2) Conditions for Provision to Eligible Directors

The Company's common shares will be issued or disposed of to the Eligible Directors in the number computed in accordance with (1) above after the end of the applicable Performance Evaluation Period in principle on conditions below:

- (a) The Eligible Director has continuously held such position in the Company or its subsidiaries as predetermined by the Company's Board of Directors throughout the period from the commencement date of the Performance Evaluation Period to the time immediately prior to the closing of the first General Meeting of Shareholders held after the applicable Performance Evaluation Period.
- (b) He/she has conducted no wrongful acts as defined by the Company's Board of Directors.

In the event that a new Director is appointed or a position of an existing Eligible Director is changed during the Performance Evaluation Period, the Company will issue or dispose of its common shares to the new Director or retiree based on the resolution of the Company's Board of Directors after reasonably adjusting the number of the shares to be allocated or the amount of monetary claims to be provided to him/her in accordance with the achievement level of each Performance Evaluation Indicator and the length of tenure.

In the event of death of an Eligible Director during the period from the commencement date of the Performance Evaluation Period to the time immediately prior to the closing of the first General Meeting of Shareholders held after the applicable Performance Evaluation Period, the Company will provide money instead of issuing or disposing of its common shares to him/her. The amount of money to be provided to him/her will be computed by multiplying the number of the



Company's common shares to be issued or disposed of to the Eligible Directors, which is reasonably adjusted based on the length of tenure, by the closing price of the Company's common stock on the TSE on the day of death (if no transaction occurs on such date, the closing price of the closest preceding trading day).

If, during the period from the commencement date of the Performance Evaluation Period to the date of issuance or disposal of the common shares under the Plan, a merger agreement under which the Company becomes a non-surviving company, a share exchange agreement or share transfer plan under which the Company becomes a wholly-owned subsidiary of another company, or any other matters related to organizational restructuring, etc. are resolved at the Company's General Meeting of Shareholders (or at its Board of Directors meeting if approval of the General Meeting of Shareholders is not required), the remuneration under the Plan will not be provided.

i) The Company's common shares, or ii) monetary claims as assets to be contributed in kind for the acquisition of such shares under the Plan will be provided to the Eligible Directors under the condition that an Allocation Agreement for shares of restricted stock is concluded between the Company and the Eligible Directors. An overview of the Allocation Agreement is as given below.

### (3) Overview of Allocation Agreement

#### (a) Transfer Restriction Period

An Eligible Director 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 held in the Company or its subsidiaries as predetermined by the Company's Board of Directors ("Transfer restriction Period").

#### (b) Treatment in the event of Retirement

If the Eligible Director retires from the position specified in (a) 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. If the Eligible Director retires from the position specified in (a) above because of the expiration of the term of office, death or other justifiable reasons, the Company will lift the Transfer Restrictions on all the Allocated Shares upon the expiration of the Transfer Restriction Period.

#### (c) Treatment in the event of Reorganization, etc.

Notwithstanding the provision in (a) above, if, during the Restricted Period,

a merger agreement under which the Company becomes a non-surviving company, a share exchange agreement or share transfer plan under which the Company becomes a wholly-owned subsidiary of another company, or any other matters related to organizational restructuring, etc. are resolved at the Company's General Meeting of Shareholders (or at the Company's Board of Directors meeting if approval of the General Meeting of Shareholders is not required), the Company will lift, based on the resolution of the Board of Directors, the Transfer Restrictions before the effective date of the said organizational restructuring, etc. with regard to all of the Allocated Shares.

(d) Other Matters

Other matters concerning the Allocation Agreement will be determined by the Company's Board of Directors.

The Company intends to introduce the Plan for Executive Officers who do not concurrently serve as Directors (excluding Executive Directors who are employees) of the Company in addition to the Eligible Directors.

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## 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 Thursday June 24, 2021 (JST).

Please indicate “for” or “against” for each proposition on the enclosed postal voting 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 Thursday, June 24, 2021 (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 postal voting 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 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 postal voting 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 postal voting 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, on weekdays)
- (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 19th Financial year**

**Business Report (April 1, 2020 – March 31, 2021)**

### **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\$21/bbl level and continued to go down until it reached the US\$13/bbl level in late April, affected by the economic stagnation under global expansion of COVID-19. After starting to rise on expectations of a tighter supply demand balance under the production cut decision by OPEC+ and a resumption of economic activities, it stayed around the low US\$40/bbl range and remained weak until October due to concerns fueled by a resurgence of COVID-19 infections over a global economic slowdown. In November, it gained an increasing trend driven by a progress in the development of COVID-19 vaccines and reached the US\$51/bbl level in December. The increasing trend continued in January and onwards supported by continued production cut by OPEC+ and an extension of voluntary production cut by Saudi Arabia, and reached the US\$63/bbl level at the end of March. As a result, it marked about US\$45/bbl on a yearly average basis, down US\$15/bbl over the previous period.

In the foreign exchange market, the yen started the period at the mid ¥107/US\$ level and continued to weaken to reach the ¥109-level temporarily. It subsequently started to rise, reflecting such factors as concerns over a deterioration of the U.S.-China relationship and a large fiscal stimulus package and drastic quantitative easing policies adopted by the U.S. against a backdrop of the spread of COVID-19 infections in the country until it reached the lower ¥102-level in January. Subsequently, the yen turned weaker following an interest rate rise in the U.S. on the back of expectations for an early normalization of the U.S. economy. As a result, the yen ended the period at the higher ¥110/US\$ level and marked about ¥106/US\$ on a yearly average basis, an appreciation of about ¥3/US\$ over the previous period.

Looking at the domestic oil product market, sales of Gasoline was at 92.1% of the previous period's sales volume due to shorter driving mileage of cars reflecting people's avoidance of going outdoors. Sales of Jet Fuel and Gas Oil were at 53.1% and 94.7% of the previous period's figure, respectively, due to declines in passenger air transport and freight transport. Kerosene was at 106.4% of the previous period's figure due to high demands caused by strong cold waves, in contrast to the previous year's a record warm winter. As a result, the total sales volume of the products was at 93.8% of the previous period's figure.

(Consolidated Business Results)

Under these business circumstances, consolidated net sales resulted in 344.6 billion yen, down 117.7 billion yen over the previous period, due mainly to a decline in oil demand amid the spread of COVID-19 and a fall in product prices in line with the lower crude oil prices, although the period was exempted from the effects of a minor periodic shut-down maintenance and repair (SDM).

Looking at income and loss for the period, operating income was 7.0 billion yen, an increase of 35.7 billion yen over the previous period, due to such factors as i) positive effects of inventory valuation (i.e., effect 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 8.7 billion yen (in the previous period, its negative effects pushed up the cost of sales by 20.3 billion yen) and ii) a recovery of the domestic oil product market. As for ordinary profit, it was 8.2 billion yen, an increase of 37.0 billion yen over the previous period.

Profit attributable to owners of parent for the period resulted in 6.5 billion yen, an increase of 35.5 billion yen over the previous period.

Operating loss and ordinary loss excluding effect of inventory valuation amounted to 1.6 billion yen (an improvement of 6.7 billion yen over the previous period) and 0.4 billion yen (an improvement of 8.0 billion yen over the previous period), respectively.

(Progress)

Production

Although the period was exempted from the effects of a minor SDM, crude oil throughput was 6,742 thousand kL, down by 5.1% as compared to the previous period when a minor SDM was carried out, reflecting a decrease in demand caused by the spread of COVID-19. The utilization rate of the crude distillation unit was 81.2% on average during the period.

Thousand Kiloliters			
Category	FY2020(A)	FY2019(B)	Change (A/B) (%)
Material Processed			
Crude Oil	6,742	7,107	94.9
Semi-finished Products	600	569	105.4
Total	7,342	7,677	95.6
Refined Products Produced	6,982	7,339	95.1

## Sales

Although the period was exempted from the effects of a minor SDM, total sales volume of petroleum products including petrochemicals and others came to 7,140 thousand kL, down by 3.4% as compared to the previous period, reflecting a decrease in demand caused by the spread of COVID-19.

Looking at sales by product, Gasoline and Jet Fuel are especially affected by a decrease in demand and show a decline of 7.5% and 32.7%, respectively. Kerosene, Gas Oil and Benzene/Xylene are up by 16.5%, 5.2%, and 2.4% year-on-year, respectively.

Thousand Kiloliters			
Product	FY2020 (A)	FY2019 (B)	Change (A/B) (%)
Gasoline	2,009	2,172	92.5
Naphtha	326	300	108.6
Jet Fuel	552	820	67.3
Kerosene	502	431	116.5
Gas Oil	1,679	1,596	105.2
Fuel Oil (A)	275	309	88.8
Fuel Oil (C)	36	147	24.4
Benzene / Xylene	445	435	102.4
Others	1,317	1,184	111.3
Total	7,140	7,393	96.6

## 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 development of our systems for further improvement of corporate governance.

### ➤ Safety and Stable Supplies of Energy

At Sodegaura Refinery (“Refinery”), we are working to improve activities for safety through industrial health and safety management systems and security control systems on an ongoing basis. During the period, we have had our safety competency evaluated by Japan Industrial Safety Competency Center (specified non-profit organization), prioritized the identified issues, and addressed each of them. We are also working on sophistication of our voluntary safety activities by utilizing IoT and other cutting edge technologies.

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

retention tanks.

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 have been continuing efforts in energy-saving activities and measures, among which are installation of a highly efficient boiler-turbine generator. We have also started researches 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.

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. 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 with the said energy. We are committed to a proper supply of fuel to local community as well, and are conducting a fuel supply drill exercise on a regular basis under the "Agreement on Fuel Supply to Fire Engines, etc. in Times of Disaster" with the Sodegaura city.

➤ 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.

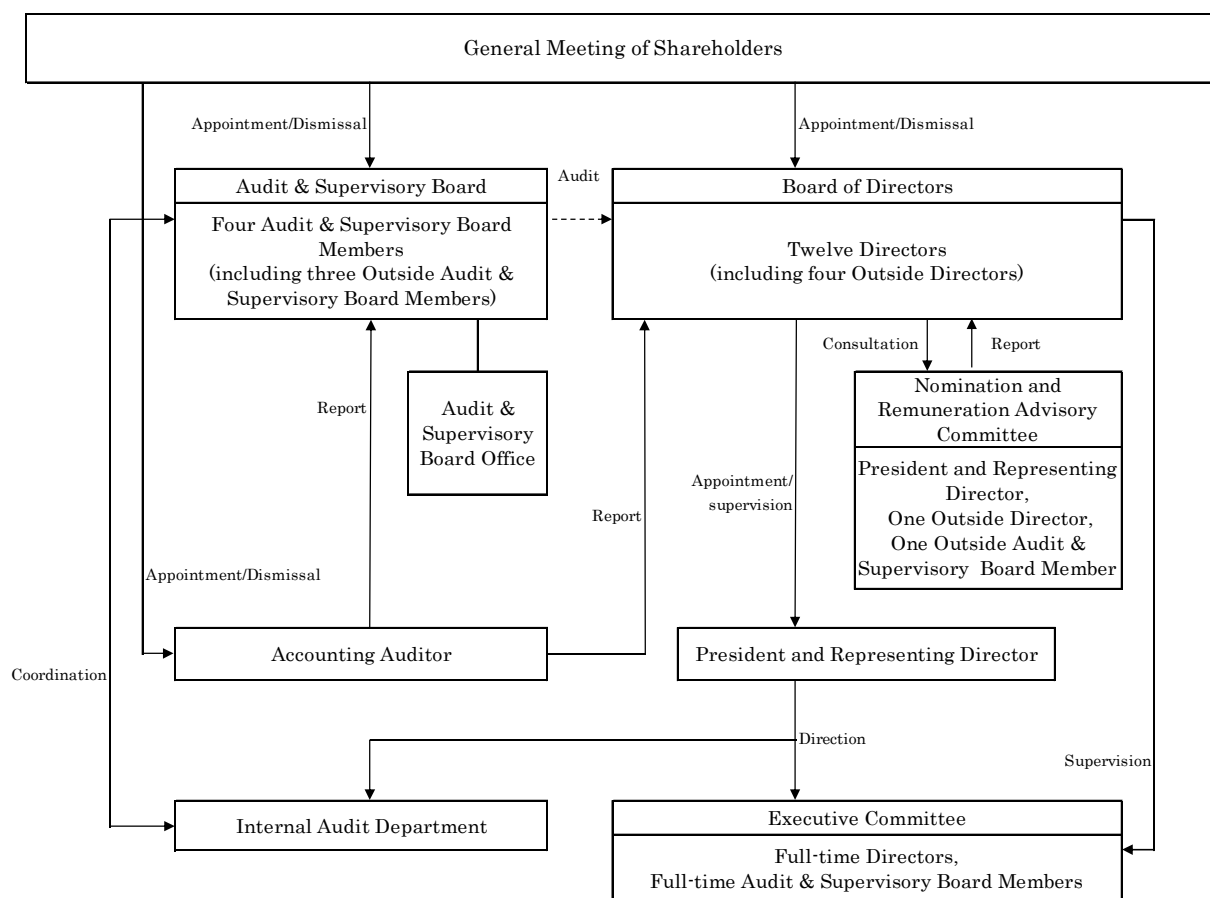
In addition, we have formulated the "Policy for Human Resource Development" to promote innovation of education and training programs, newly established Human Resource Development Department, and provided employees with new programs during the period, including intensive job-level trainings based on a theme of "communication" in an increasingly diverse workforce.

➤ 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



## Group's Major Activities

Major activities of the Company's consolidated subsidiaries during FY2020 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 consulting and engineering services related to geothermal power generation, and 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. The Company made JOE its wholly-owned subsidiary as of March 31, 2021.

## 2. Capital Investment

Capital investments during the period totaled 4.1 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 110.5 billion yen, a decrease of 16.6 billion yen against the end of the previous period. The major factors are a decrease in short-term loans payable as a result of lower crude oil prices, and a repayment of long-term loans.

Millions of Yen			
	End of FY2019	Increase/Decrease	End of FY2020
Long-term loans payable	43,086	- 6,663	36,422
Short-term loans payable	83,953	- 9,903	74,050
Total	127,040	-16,566	110,473

Note : The balance of long-term loans payable at the end of the period includes 10 billion yen, an amount to be repaid within a year.

## 4. Tasks to be addressed

The global oil demand in 2020 fell by 9 million bbl/day as compared to 2019, a drop of 10% year-on-year, due to the economic crisis (COVID-19 shock) brought on by a surge in COVID-19 infections. With the progress in vaccination especially in developed nations and implementation of economic measures by various countries, however, the economy is expected to make an early recovery and 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, while researches are currently being conducted on decarbonization technologies, most of them are still in the development or experimental phases due to cost and other reasons, 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.

Based on the above views on the business environment, we formulated the third Medium-Term Business Plan for FY2021 to FY2024 (4 years).

Business circumstances surrounding the oil refining industry 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 focus on the following tasks during the period of this Medium-Term Business Plan.

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 last year, and strengthening human resource development.

c. 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.

d. 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.

## 5. Financial Summary

Millions of Yen

	16th FY Apr. 1, 2017 - Mar. 31, 2018	17th FY Apr. 1, 2018 - Mar. 31, 2019	18th FY Apr. 1, 2019 - Mar. 31, 2020	19th FY Apr. 1, 2020 - Mar. 31, 2021
Net sales	423,772	541,640	462,364	344,612
Ordinary profit	8,633	3,599	-28,777	8,293
Profit attributable to owners of parent	7,945	2,896	-29,058	6,528
Profit per share	103.11 yen	37.59 yen	-377.07 yen	84.72 yen
Total assets	291,878	299,144	245,504	253,007
Total net assets	69,856	71,536	41,297	48,188

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:

- 16th FY decline in positive effect of inventory valuation on the cost of sales, and effect of major SDM
- 17th FY effects of a blackout incident at Sodegaura Refinery in October 2018, decreased profit margins during the 3rd quarter, 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 as stated in I.1. Business Progress and Results

## 6. Principal Subsidiaries (As of March 31, 2021)

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, 2021)

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

## 8. Location of Principal Business (As of March 31, 2021)

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, 2021)

Number of Employees	Difference from the previous period
704	+26

## 10. Major Lenders and Loan Balance (As of March 31, 2021)

Millions of Yen

Lender	Outstanding Balance
Mizuho Bank, Ltd.	28,726
Sumitomo Mitsui Banking Corporation	16,843
MUFG Bank, Ltd.	14,815
Japan Oil, Gas and Metals National Corporation	14,738
Development Bank of Japan Inc.	12,044
Sumitomo Mitsui Trust Bank, Limited	11,985

## II. SHARE RELATED INFORMATION (As of March 31, 2021)

- 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 : 12,874  
 iv) Major shareholders

Name	Shareholder's investment in the Company	
	Number of Shares Held (thousand)	Shareholding Ratio(%)
JERA Co., Inc.	6,839.9	8.85
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
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,301.6	4.27
NYK Line(Nippon Yusen Kabushiki Kaisha)	2,750.8	3.56
Interactive Brokers LLC	2,274.8	2.94
ENEOS Holdings, Inc.	1,350.0	1.74
Custody Bank of Japan, Ltd. (Trust Account)	1,327.4	1.71

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

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

### 1. Directors and Audit & Supervisory Board (ASB) Members (as of March 31, 2021)

Name	Positions in the Company	Responsibilities in the Company and significant positions concurrently held outside the Company
Atsuo Shibota	Representing Director cum Director-President	
Katsunori Yagi	Representing Director cum Senior Managing Director	General Manager of Sodegaura Refinery
Shigeto Yamamoto	Senior Managing Director	In charge of Marketing & Supply Dept. Representing Director cum Director-President, Petro Progress Inc. Director, PETRO PROGRESS PTE LTD
Daisuke Seki	Director (Outside) 〈Independent Officer〉	
Toshiki Matsumura	Director (Outside) 〈Independent Officer〉	
Mohammed Al-Fahad	Director (Outside) 〈Independent Officer〉	Legal Expert and Supervisor, Legal Affairs Dept., Ministry of Energy, Government of Kingdom of Saudi Arabia
Khaled Al-Sabah	Director (Outside)	Deputy Managing Director, International Marketing Sales, Kuwait Petroleum Corporation
Kenichi Terao	Director	In charge of Human Resources Dept. and Human Resource Development Dept.
Takahiko Yamamoto	Director	In charge of General Administration Dept. and Safety & Environmental Protection Office

Takayuki Kawahata	Director	In charge of Technical Dept. and Production Management Dept.
Takumi Iwamoto	Director	In charge of Corporate Planning & Management Dept. Director, Japan Oil Engineering Company Ltd.
Masayuki Tsuda	Director	In charge of Finance & Accounting Dept.
Tetsuo Ishii	ASB Member (Full-Time)	
Tsuyoshi Inoue	ASB Member (Outside) 〈Independent Officer〉	
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 ASB Member (Outside), ARATA CORPORATION

Note: 1. Changes in positions in the Company held by Directors during the period are as follows:

- Position held by Director Katsunori Yagi changed from Representing Director cum Managing Director to Representing Director cum Senior Managing Director on June 25, 2020.
  - Position held by Director Shigeto Yamamoto changed from Managing Director to Senior Managing Director on June 25, 2020.
2. Changes in positions concurrently held outside the Company by ASB Members of the Company during the period are as follows:
- ASB Member Tsuyoshi Inoue retired from his position of Director (Outside) of Topy Industries, Limited on June 24, 2020.
  - ASB Member Tomoko Sakamoto was appointed as ASB Member (Outside) of ARATA CORPORATION on June 25, 2020.
3. Directors Daisuke Seki, Toshiki Matsumura and Mohammed Al-Fahad, and ASB Members Tsuyoshi Inoue, Koichi Chikaraishi and Tomoko Sakamoto satisfy the Company's criteria for Independence of Outside Officers (please see 10. below). The Company registered them as Independent Officers with the Tokyo Stock Exchange, Inc. pursuant to the rules of the Exchange.
4. ASB Member Tsuyoshi Inoue has many years of experience in financial institutions and has a wealth of expertise in finance and accounting.
5. Government of Kingdom of Saudi Arabia is a shareholder of the Company with 5,811.3 thousand shares (shareholding ratio: 7.52%).
6. 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.
7. 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.
8. Iwata Godo Attorneys and Counsellors at Law and the Company has a legal services agreement.
9. Murakami Corporation, ARATA CORPORATION and Topy Industries, Limited have no special business relationship to be disclosed with the Company.
10. 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

## **2. 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.

Insureds in the said contract are Directors and Audit & Supervisory Board Members of the Company and its consolidated subsidiaries.

## **3. 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 ensures fairness and objectivity.

Remuneration structure for Executive Directors:

- a. The remuneration structure is the one that reflects the business environment and performance of the Company's group.
- b. Remuneration for Executive Directors consists of fixed remuneration ("FR") and performance-linked variable remuneration ("PLVR") for the purpose of improving corporate value over the mid- to long-term and strengthen incentives for higher business performance.

The amount of 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 (“Ratio”), 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 Ratio for Executive Directors increases in proportion to individual Director’s executive position 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 within the limit of the relevant FR : PLVR ratio.

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

Executive Position	FR	PLVR
Chairman of the Board of Directors Director-President, Director-Vice President	1	0.20
Senior Managing Director, Managing Director	1	0.15
Director	1	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 said Director.

➤ Method of Deciding Remuneration Policy

Draft of the Remuneration Policy was prepared by Representing Director-President and submitted to the Committee. The Board of Directors decided the Remuneration Policy in accordance with the Committee’s recommendation at the Board Meeting held on February 9, 2021.

[Reference]

On condition that Proposition III is approved as proposed by the 19th Annual General Meeting of Shareholders (“AGM”) to be held on June 25, 2021, revision will be made to the Remuneration Policy in order for the said Policy to be consistent with the Proposition. Draft of the revision 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.

➤ Outline of Revision (plan)

If revised, remuneration for Executive Directors and Entrustment-type Executive Officers\* (“Executive Directors, etc.”) will consist of FR, PLVR, and non-monetary remuneration (“NMR”).

NMR will be provided to Executive Directors, etc. in the form of restricted shares of the Company when performance evaluation indicators which are determined based on the

Company's medium-term business plan, etc. have met certain conditions. The number of the restricted shares will be calculated on the basis of an allocation rate, which is determined on the basis of the achievement levels of specific performance evaluation indicators, and the reference stock price for the allocation.

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
Executive Officer	1	0.10	0.10

\*The Company is going to introduce an executive officer system as of June 25, 2021.

No matters other than the above are planned to be revised.

**(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 was 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 same 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**

Specific contents of remunerations for each Director (amounts of FR for each Director and PLVR for each Executive Director) 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, 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, receive an opinion from the Committee, and make decisions pursuant to the said opinion.

Given that the amount of remunerations for each Director 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.

If Proposition III is approved as proposed by this AGM, a decision on the number of the Company's restricted shares to be allocated to each Executive Director, etc. will also be

delegated to the Director-President.

#### (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	
Director (Outside Director)	263 (17)	263 (17)	0 (0)	12 (4)
ASB Member (Outside ASB Member)	46 (22)	46 (22)	0 (0)	4 (3)

#### (5) Matters concerning PLVR

From the viewpoint that Executive Directors are responsible to the overall performance of the Company group and taking into consideration the Company's accountability for the remuneration of Directors 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

	18th FY Apr. 1, 2019 - Mar. 31, 2020	19th FY Apr. 1, 2020 - Mar. 31, 2021
CNP (million yen)	-29,058	6,528
COP (million yen)	-8,475	-440

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

#### 4. Information related to Outside Officers

##### i) Positions concurrently held outside the Company

As stated in section III. "1.Directors and Audit & Supervisory Board (ASB) Members (as of March 31, 2021)" on pages 11-13.

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.
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 served as a member of the Nomination and Remuneration Advisory Committee and discussed matters related to nomination and remuneration of directors.
Mohammed Al-Fahad (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. He has also chaired meetings of the Nomination and Remuneration Advisory Committee and discussed matters related to the nomination and remuneration of directors.
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, 2021)

(Unit : Millions of Yen)

<u>Assets</u>		<u>Liabilities</u>	
<u>Current assets</u>	<u>133,505</u>	<u>Current liabilities</u>	<u>157,285</u>
Cash and deposits	15,143	Accounts payable-trade	21,982
Notes and accounts receivable-trade	29,199	Short-term loans payable	74,050
Securities	200	Current portion of long-term loans payable	10,046
Inventories	80,661	Accounts payable-other	18,788
Accounts receivable-other	3,564	Excise taxes payable on gasoline and other fuels	17,674
Other	4,736	Income taxes payable	1,600
		Provision for bonuses	327
		Other	12,815
 <u>Noncurrent assets</u>	 <u>119,502</u>	 <u>Noncurrent liabilities</u>	 <u>47,533</u>
Property, plant and equipment	99,236	Long-term loans payable	26,376
Buildings and structures	13,242	Deferred tax liabilities	9,038
Storage tanks	3,085	Net defined benefit liability	1,421
Machinery, equipment and vehicles	27,891	Provision for directors' retirement benefits	18
Land	51,542	Provision for special repairs	2,339
Construction in progress	2,875	Provision for repairs	7,719
Other	598	Other	620
Intangible assets	805		
Software	670	<u>Total liabilities</u>	<u>204,819</u>
Other	134		
Investments and other assets	19,461	<u>Net assets</u>	
Investment securities	18,613	<u>Shareholders' equity</u>	<u>50,075</u>
Long-term loans receivable	717	Capital stock	24,467
Net defined benefit asset	39	Capital surplus	25,495
Other	500	Retained earnings	1,543
Allowance for doubtful accounts	-409	Treasury stock	-1,431
		 <u>Accumulated other comprehensive income</u>	 <u>-2,043</u>
		Valuation difference on available-for-sale securities	498
		Revaluation reserve for land	1
		Foreign currency translation adjustments	-3,194
		Remeasurements of defined benefit plans	651
		 <u>Non-controlling interests</u>	 <u>156</u>
		 <u>Total net assets</u>	 <u>48,188</u>
 <u>Total assets</u>	 <u>253,007</u>	 <u>Total liabilities and net assets</u>	 <u>253,007</u>

Consolidated Statement of Income  
(From April 1, 2020 to March 31, 2021)

(Unit: Millions of Yen)

Account	Amount
Net sales	344,612
Cost of sales	333,157
Gross profit	11,454
Selling, general and administrative expenses	4,356
Operating profit	7,098
Non-operating income	3,436
Interest income	46
Dividends income	94
Foreign exchange gains	27
Equity in earnings of affiliates	2,777
Rent income of storage tanks	211
Other	279
Non-operating expenses	2,241
Interest expenses	1,380
Rent expenses on storage tanks	211
Other	648
Ordinary profit	8,293
Extraordinary income	85
Gain on sales of noncurrent assets	4
Gain on sales of investment securities	77
Other	3
Extraordinary losses	241
Loss on retirement of noncurrent assets	111
Impairment losses	125
Other	3
Profit before income taxes	8,137
Income taxes-current	1,519
Income taxes-deferred	75
Profit	6,543
Profit attributable to non-controlling interests	14
Profit attributable to owners of parent	6,528

# Balance sheet

( As of March 31, 2021 )

( Unit : Millions of Yen )

Fuji Oil Company, Ltd.

<u>Assets</u>		<u>Liabilities</u>	
<u>Current assets</u>	<u>124,787</u>	<u>Current liabilities</u>	<u>157,306</u>
Cash and deposits	7,814	Accounts payable-trade	21,087
Accounts receivable-trade	27,953	Short-term loans payable	74,830
Merchandise and finished goods	29,128	Current portion of long-term loans payable	10,046
Raw materials and supplies	51,519	Accounts payable-other	19,228
Accounts receivable-other	3,655	Excise taxes payable on gasoline and other fuels	17,674
Prepaid expenses	1,259	Income taxes payable	1,553
Short-term loans receivable	37	Accrued expenses	141
Other	315	Provision for bonuses	327
		Other	12,415
 <u>Noncurrent assets</u>	 <u>111,486</u>	 <u>Noncurrent liabilities</u>	 <u>47,397</u>
Property, plant and equipment	97,289	Long-term loans payable	26,376
Buildings	4,478	Deferred tax liabilities	8,697
Storage tanks	3,085	Provision for retirement benefits	1,741
Structures	8,392	Provision for special repairs	2,339
Machinery and equipment	27,402	Provision for repairs	7,719
Vehicles	1	Asset retirement obligations	103
Tools, furniture and fixtures	233	Other	418
Land	50,709		
Lease assets	111		
Construction in progress	2,875	<u>Total liabilities</u>	<u>204,703</u>
Intangible assets	653		
Software	645		
Other	7		
Investments and other assets	13,544	<u>Net assets</u>	
Investment securities	943		
Stocks of affiliated companies	12,078	<u>Shareholders' equity</u>	<u>29,260</u>
Long-term loans receivable	716	Capital stock	24,467
Other	215	Capital surplus	2,480
Allowance for doubtful accounts	-409	Legal capital surplus	2,480
		Retained earnings	4,110
		Other retained earnings	4,110
		Retained earnings brought forward	4,110
		Treasury stock	-1,797
		<u>Valuation and translation adjustments</u>	<u>2,310</u>
		Valuation difference on available-for-sale securities	378
		Revaluation reserve for land	1,932
		<u>Total net assets</u>	<u>31,571</u>
 <u>Total assets</u>	 <u>236,274</u>	 <u>Total liabilities and net assets</u>	 <u>236,274</u>



# Statement of income

(From April 1, 2020 to March 31, 2021)

(Unit: Millions of Yen)

Fuji Oil Company, Ltd.

Account	Amount
Net sales	336,460
Cost of sales	326,165
Gross profit	10,294
Selling, general and administrative expenses	3,671
Operating profit	6,623
Non-operating income	778
Interest income	14
Dividends income	315
Foreign exchange gains	32
Rent income of storage tanks	211
Other	204
Non-operating expenses	2,243
Interest expenses	1,387
Rent expenses on storage tanks	211
Other	644
Ordinary profit	5,159
Extraordinary income	1,096
Gain on acquisition of shares of subsidiaries	1,096
Extraordinary losses	235
Loss on retirement of noncurrent assets	109
Impairment loss of land	125
Profit before income taxes	6,019
Income taxes-current	1,869
Income taxes-deferred	40
Profit	4,110

## **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, 2021 and for the year from April 1, 2020 to March 31, 2021 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.

### **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, 2021

## **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 supplementary schedules ("the financial statements and the supplementary schedules") of Fuji Oil Company, Ltd. ("the Company") as at March 31, 2021 and for the year from April 1, 2020 to March 31, 2021 in accordance with Article 436-2-1 of the Companies Act.

In our opinion, the financial statements and the 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 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 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.

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

Management is responsible for the preparation and fair presentation of the financial statements and the 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 supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the 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 Supplementary Schedules**

Our objectives are to obtain reasonable assurance about whether the financial statements and the 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 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 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 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 supplementary schedules are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the financial statements and the supplementary schedules, including the disclosures, and whether the financial statements and the 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, 2021

Audit Report  
(Translation)

With respect to Directors' execution of their duties during the 19th financial year (from April 1, 2020 to March 31, 2021), 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, 2021

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)