

August 5, 2020

To whom it may concern:

Company Name: Fuji Oil Holdings Inc.
Representative: Hiroshi Shimizu, President & CEO
(Code: 2607 TSE First Section)
Inquiries: Yoshiharu Okamoto
(Corporate Communication Group
Leader)

Fuji Oil Holdings Announces Terms for Disposition of Treasury Stock Under Stock Compensation Plan

Fuji Oil Holdings Inc. hereby announces that its Board of Directors, at a meeting held today, determined the terms by which the company will dispose of shares as part of its stock compensation plan.

Terms of disposition

Date of disposition	August 24, 2020
Number, class of shares for disposition	118,000 the company's common shares
Disposition price per share	JPY 2,907 per share
Total disposal proceeds	JPY 343,026,000
Allottee	Sumitomo Mitsui Trust Bank, Limited (Trust account) Retrustee: Custody Bank of Japan, Ltd. (Trust account)
Other information	The disposition is contingent on notification becoming effective pursuant to the Financial Instruments and Exchange Act.

Purpose of, reasons for disposition

The disposition is necessary for delivering stock compensation. The board decided to adopt a stock compensation plan for eligible directors (outside directors are not eligible) at a meeting held on May 19, 2020. The plan received shareholder approval at the 92nd General Meeting of Shareholders held on June 18, 2020. The purpose of the plan is to motivate eligible directors to help the company achieve medium- to long-term growth and maximize shareholder value. To achieve this purpose, the plan links compensation more clearly for eligible directors with the company's performance and share price, so that the directors identify with the interests of shareholders regarding the benefits and risks associated with the company's stock trends. Under the plan, treasury stock will be disposed of and allotted to a designated trustee. The trustee is Sumitomo Mitsui Trust Bank, Limited (which will re-trust the property to Custody Bank of Japan, Ltd.). For more information on the plan, see [Notice Regarding Plan to Adopt Performance-Linked Compensation for Directors](#) (released on May 19, 2020); see also the summary of the trust agreement shown below.

The disposition is reasonable and proportionate. The disposition will be conducted in compliance with share-issuance rules established by Fuji Oil Holdings for the purposes of the stock compensation plan. The size of the disposition reflects the number of shares that Fuji Oil Holdings expects to deliver to eligible directors in view of the ranks and composition of the directors across the trust period. This number represents 0.13% of the 87,569,383 shares outstanding as of March 31, 2020. The disposition will dilute stock at a rate of 0.14% of the 859,242 voting rights as of March 31, 2020 (both figures are rounded off to two decimal places). Both the size of the disposition and its dilutive effect are reasonable and proportionate given the abovementioned purpose of the disposition (to motivate eligible directors to help the company achieve medium- to long-term growth and maximize shareholder value); moreover, any impact on secondary markets will be negligible.

Summary of trust agreement

Settlor	Fuji Oil Holdings Inc.
Trustee	Sumitomo Mitsui Trust Bank, Limited Retrustee: Custody Bank of Japan, Ltd.
Beneficiaries	Eligible directors
Caretaker	Fuji Oil Holdings Inc. and an third party independent from the company and its directors (to be determined)
Exercise of voting rights	The trustee refrains from exercising voting rights in the entrusted shares for the duration of the trust period.
Type of trust	Third-party benefit trust, categorized as monetary trust with no cash payout.
Date of trust agreement	August 24, 2020
Date for entrusting cash	August 24, 2020
Trust end date	August 31, 2023 (tentative)
Purpose of trust	To deliver company shares to directors pursuant to the company's rules for issuing shares

Calculation of disposal price

The disposal price is set at ¥2,907 per share, which is the closing price of the Tokyo Stock Exchange on August 4, 2020 (one business day before the Board of Directors determined the disposition terms). This closing price was chosen to ensure that the disposition price would be impartial and commensurate with recent price trends. Furthermore, the closing price is reasonably consistent with recent average prices: It diverges only 2.22% (all divergence figures are rounded off to two decimal places) from the average closing price of the last 1-month period (July 6 to August 4, 2020), only 3.86% from that of the last 3-month period (May 7 to August 4, 2020), and only 7.87% from that of the last 6-month period (February 2 to August 4, 2020).

Thus, the above disposition price is reasonable, giving no undue advantage. Such a view was expressed by all four members of the Audit & Supervisory Board (two of whom are outsiders), who attended the

board meeting in question.

Ethical Requirements

Under Rule 432 of the Tokyo Stock Exchange's Code of Corporate Conduct, an issuer wishing to conduct a large third-party allotment may be required to seek independent advice and obtain shareholder approval. However, these requirements do not apply to the present case because (1) the dilutive effect of the disposition will be less than 25%, and (2) the disposition entails no change of control.