

Evaluation Results on the Effectiveness of the Board of Directors

Cosmo Energy Holdings Co., Ltd. (hereinafter, the “Company”) hereby presents an overview of its FY2020 evaluation of the effectiveness of its Board of Directors. The Company’s Board of Directors has been conducting an evaluation of its effectiveness annually since FY2015 to improve the operation of the Board of Directors and enhance its functions as part of the initiatives to raise the effectiveness of corporate governance.

1. Evaluation method

All members of the Board of Directors answered an anonymous questionnaire. As for the questionnaire items, certain questions were the same as the previous year so that continuous measurements can be taken every year. Questions regarding matters we newly worked on in FY2020 were also added. Specifically, the questionnaire comprised a total of 33 items which were evaluated quantitatively and they covered issues such as the composition, roles and operation of the Board of Directors, its responses to the Corporate Governance Code, and the effectiveness of the Board of Directors. The questionnaire also had many free comment sections where members of the Board of Directors were asked to describe, for instance, the challenges they were aware of concerning each item and their improvement measures. Furthermore, in FY2020, four questions for quantitative evaluation and free comment sections were added with regard to Board of Directors meetings that were held using a WEB conferencing system as a measure against the COVID-19.

The Secretariat of the Board of Directors compiled and analyzed the responses to the questionnaire all the directors had submitted. The Board of Directors then evaluated them and discussed their approach to future action.

2. Overview of the evaluation results

Based on the analysis and evaluation of the questionnaire results, we have concluded that the Company’s Board of Directors generally ensures and continuously strives to improve its effectiveness as demonstrated by the following findings:

- The Board of Directors consists of an appropriate number of directors and has provided a place where opinions can be exchanged freely and openly.
- The Board of Directors has been able to discuss from the perspective in line with medium- to long-term plans and policies. It has also enhanced a Medium-Term Management Plan review and an investment review.
- The Board of Directors take initiative for a sustainable management.
- The Board of Directors held meetings using a WEB conferencing system as a measure against COVID-19.

3. Issues and approaches to dealing with them

The Company is going to work on the following points to further improve the effectiveness.

- (1) Redefinition of the purposes and roles of the Board of Directors

- (2) Consideration of ensuring more diversity of the Board of Directors
- (3) Examination of how matters concerning the Nomination and Remuneration Advisory Committee should be reported to the Board of Directors
- (4) Continuation of the evaluation of the effectiveness of the Board of Directors and improvement of the evaluation method

Our approaches to dealing with each issue are as follows:

- (1) Redefinition of the purposes and roles of the Board of Directors

In FY2015, the Company's Board of Directors changed the Company's organizational structure to a company with an Audit and Supervisory Committee. The Board of Directors has been operating with an emphasis on its supervisory functions. At this occasion, the Board of Directors re-discussed what the Board of Directors should be like. There were arguments that, with recent acceleration of the decarbonization trend and rising importance of information disclosure, the Board of Directors should deepen discussion more than before from a medium- to long-term perspective, it should strengthen engagement with stakeholders, and it should transfer the authority more than before with respect to business matters that must be executed and strengthen its supervisory functions. As a result, the purposes of the Board of Directors have been redefined as follows. From now on, the Company is going to consider setting an agenda for Board of Directors meetings in line with these purposes.

<Purposes of the Board of Directors>

- The Board of Directors shall strive for the Group's sustainable growth and enhancement of corporate value over the medium to long term.
- The Board of Directors shall endeavor to comply with laws and regulations and permeate corporate ethics. On the premise of these, it shall emphasize on decision on a major direction of the Company, engagement with stakeholders (including information disclosure) and supervision of execution, for speedy business management.

- (2) Consideration of ensuring more diversity of the Board of Directors

After the General Meeting of Shareholders in FY2021, the ten members of the Company's Board of Directors are expected to include five outside directors and two female directors. The diversity of the Board of Directors is increasing year after year. The Company is going to continue pursuing the optimal composition of the Board of Directors.

- (3) Examination of how matters concerning the Nomination and Remuneration Advisory Committee should be reported to the Board of Directors

The Company's Board of Directors has established a voluntary Nomination and Remuneration Advisory Committee to discuss matters related to nomination and remuneration. The Board of Directors is going to consider having the Committee report on the status of its activities at a Board of Directors meeting from FY2021 onwards.

- (4) Continuation of the evaluation of the effectiveness of the Board of Directors and improvement of the evaluation method

The Company is going to consider expanding the scope of the evaluation to continuously find measures to improve effectiveness.

The Supervisory Committee has deliberated on and verified the appropriateness of the above evaluation.

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