

Evaluation Results on the Effectiveness of the Board of Directors

Cosmo Energy Holdings Co., Ltd. (hereinafter, the “Company”) hereby presents an overview of its FY2022 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. The questions asked this year were prepared reflecting factors including the actions that have been taken based on the results of the FY2021 evaluation of the Board of Directors’ effectiveness. Specifically, directors were asked to score for quantitative evaluation such aspects as the composition, roles and operation of the Board of Directors, the Board’s efforts with respect to the Corporate Governance Code, the new initiatives pursued during the fiscal year and the effectiveness of the Board of Directors, as well as the composition, roles and operation of the Nomination and Remuneration Committee. The questionnaire also included many free comment sections for directors to provide their thoughts on each of these aspects, including the perceived challenges and suggestions on the means of improvement.

The Secretariat of the Board of Directors and the Nomination and Remuneration Committee compiled and analyzed the responses to the questionnaire all the directors had submitted. The Board of Directors and the Nomination and Remuneration Committee then evaluated the results and discussed their approach to future initiatives.

2. Results of the effectiveness evaluation of the Board of Directors

a) Overview of the evaluation results

We have evaluated that our Board of Directors is effective and that the Board is continuously striving to improve its effectiveness as demonstrated below:

- i) The structure of the Board of Directors is appropriate the number of directors, its composition is diverse, and it serves as a venue for the constructive exchange of opinions.
- ii) The Board of Directors serves as a venue to discuss business strategy from medium- and long-term viewpoints capturing changes in the external environment such as decarbonation and to discuss and make decisions on the major direction and so on for the Group including Vision 2030 and the 7th Consolidated Medium-Term Management Plan.
- iii) In addition to the above, the Board took the following actions and made improvements concerning its policies on pursuing initiatives stated in FY2021:
 - Continuously consider the Board of Directors’ authority and the agenda items for discussion that would be in line with the Purposes of the Board of Directors.

A review was conducted regarding the Board's authority and its supervisory function was further enhanced. In addition, the Board had fruitful discussions toward the formulation of the 7th Consolidated Medium-Term Management Plan.

- Consider systems to enable independent outside directors to further exercise their functions. Established meetings (Executive Session) consisting of independent outside directors only (and held three meetings).

b) Future issues and our policies on pursuing initiatives

The following initiatives will be pursued to further enhance the effectiveness of the Board of Directors.

i) Regularly supervise the execution status to achieve the 7th Consolidated Medium-Term Management Plan

The Company has prepared its 7th Consolidated Medium-Term Management Plan that covers a three-year period from FY2023 to FY2025. Under the 7th Consolidated Medium-Term Management Plan, the Company intends to proactively work on its earnings power, capital policy, and business strategy as well as HRX, DX, GX, and so on to transform its business foundation to support the former for the continuous improvement of the Group's corporate value. To help achieve the 7th Consolidated Medium-Term Management Plan, the Board of Directors regularly receives reports on and supervise the execution status of the above.

ii) Continue evaluating the Board of Directors' effectiveness and improve the evaluation method

To further improve the functions of the Board of Directors, we will consider evaluating its effectiveness utilizing external institutions and other measures.

3. Evaluation of the Nomination and Remuneration Committee

We have evaluated that our Nomination and Remuneration Committee is effective and that the Committee is continuously striving to improve its effectiveness as in FY2021 as demonstrated below:

- The structure of the Committee is appropriate in terms of the number of members, proportion of outside members and diversity, and free and open exchange of opinions.
- The Committee takes into account information provided by consultants and recent trends both inside and outside the company when holding discussions.
- Nominations and remuneration are both determined through appropriate processes.

Furthermore, the key achievements by the Committee for FY2022 are:

- Appointment of the Representative Director, Group CEO based on its succession plan
- Reviewed the composition and the level of remuneration for directors and executive officers
- Optimized the director/executive officer structure through review of their tenure and skill matrix
- Provided training programs necessary for performing the roles and responsibilities of directors and executive officers

The Committee is committed to further raise its effectiveness and the company's governance in the areas of director nomination and remuneration.

Regarding the effectiveness of the Board of Directors and the Nomination and Remuneration Committee, the Supervisory Committee has deliberated on and verified the appropriateness of the above evaluation.

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