

Evaluation Results on the Effectiveness of the Board of Directors

Cosmo Energy Holdings Co., Ltd. (hereinafter, the “Company”) hereby presents an overview of its FY2023 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

The FY2023 effectiveness evaluation was conducted with the cooperation of a third-party organization to adopt a more objective perspective in the evaluation process. In the evaluation, the third-party organization first reviewed questions in the Company’s previous questionnaire as well as materials and minutes for Board of Directors’ meetings in the past, etc., and consulted with the Representative Director, Group Chairman, who is the chairperson of the Board of Directors, and the Representative Director, Group CEO, who is the chief executive for operations. Then, the third-party organization prepared the new questionnaire. The third-party organization performed individual interviews based on results of the questionnaire obtained from all members of the Board of Directors and compiled an analysis of the Board of Directors’ current state and the issues that were found. Based on these results and issues, the Board of Directors and the Nomination and Remuneration Committee discussed the evaluation and 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 as demonstrated below:

- i) The Board of Directors is of an appropriate size, is diverse in its composition, and serves as a venue for free and open exchange of opinions.
- ii) The Board of Directors serves as a venue to monitor progress in the 7th Consolidated Medium-Term Management Plan with a view to Vision 2030, and to hold discussions about dialogue with shareholders and investors as well as on capital policy.
- iii) In addition to the above, the Board took the following actions and made improvements concerning its policies on pursuing initiatives stated in FY2022:
 - Regularly supervise the execution status to achieve the 7th Consolidated Medium-Term Management Plan
A review of progress was performed semiannually, and advice was provided for supervising the status of execution of operation and further promoting it.
 - Continue evaluating the Board of Directors’ effectiveness and improve the evaluation method
A third-party organization was hired for the FY2023 evaluation of the Board of Directors’ effectiveness. It was confirmed that effectiveness was ensured by also taking into account the analysis from a third party’s perspective. In addition, discussions were conducted to make further improvements including the use of external knowledge.

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) Enhance discussions in a medium- to long-term timeline with a view to formulating the next Consolidated Medium-Term Management Plan

The Company formulated the 7th Consolidated Medium-Term Management Plan (from FY2023 to FY2025) in March 2023, and has set Vision 2030 as the direction beyond the plan. As highly uncertain changes in the external environment such as decarbonation continue to be expected, the Company will strive to enhance discussions under a medium- to long-term timeline in sustainably increasing its corporate value while anticipating changes in its future business portfolio.

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

In FY2024, which is also the second year of the 7th Consolidated Medium-Term Management Plan, the Company will continue to supervise the execution status and provide advice on both financial and non-financial aspects and make further efforts to achieve the 7th Consolidated Medium-Term Management Plan.

3. Evaluation of the Nomination and Remuneration Committee

We have evaluated that our Nomination and Remuneration Committee is effective as demonstrated below:

- Under an appropriate structure, the Committee holds sufficient discussions based on the proper scope of the advisory function.
- The Committee conducts open and proactive discussions under appropriate operations, and It has been evaluated that the Secretariat fulfills necessary and sufficient functions.
- The skill matrix, appointment process and succession plan for outside directors, and views on remuneration for directors and executive officers are considered to be appropriate at present.

Furthermore, the key achievements by the Committee for FY2023 are:

- Appropriate responses to shareholder proposals (appointment of outside directors)
- Initiatives to increase the ratio of independent outside directors
- Consideration of practices toward the introduction of malus and clawback provisions

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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