

Messages from outside Directors



In the age of change, we will contribute to management from both offensive and defensive perspectives.

Independent Outside Director, Supervisory Committee Member
Yasuko Takayama

Describe your impressions of the Cosmo Energy Group and what you consider its strengths and weaknesses from the perspective of an outside director.

The Cosmo Energy Group has been encouraging solid management with a strong sense of mission to play a role in the industrial and social infrastructure, and the Group is characterized by a bright, open and friendly organizational culture.

We possess an integrated system from upstream to downstream in oil-related fields that we are focusing on renewable energy businesses, especially wind power, where growth is expected, and that we have a business portfolio that can withstand even tough changes in the external environment. Amid the global structural transformation of energy, our challenge is responding flexibly to changes while balancing our oil-related businesses and renewable energy businesses appropriately.

What kinds of efforts are you making and what are your future challenges as an independent outside director?

Based on my awareness from the perspectives of a variety of stakeholders, including shareholders, customers, business partners, and employees, and my experience at operating companies, I strive to ask candid questions and make effective recommendations at meetings of the Board of Directors and various committees. In addition, because this was the first year of my appointment, I have had many opportunities to receive explanations on businesses, to visit actual business locations, and for dialogue in order to gain deeper knowledge of the activities of the Cosmo Energy Group.

As an independent outside director, I intend to continue to contribute both from offensive and defensive perspectives by endeavoring to collect information both inside and outside the company to support management decisions that focus

on current trends, and by enhancing my sensitivity toward the various risks surrounding the Group.

How do you rate the effectiveness of the Board of Directors?

Every year we evaluate the effectiveness of the Board of Directors, and by making sure that the PDCA cycle is carried out, improvements have continued. As a result, the members of the Board of Directors have become increasingly diverse and both the content and quality of discussions are shifting the focus from traditional management functions to the exercise of monitoring functions. In addition, broad-minded, open discussions are being conducted, and the effectiveness of these discussions is increasing.

We are continuing to conduct activities that contribute to an improvement in the governance system. For example, we evaluate the effectiveness of the Supervisory Committee every year and the results are reported to the Board of Directors.

Will you give a message to shareholders and other stakeholders?

With the COVID-19 pandemic, the industrial structure is now at a turning point. In light of these medium- to long-term changes in the business environment, achieving sustainable Group management that balances both the resolution of social issues and business profits, as well as the appropriate allocation of management resources as Cosmo Energy Holdings and their monitoring will become challenges. I intend to continue to fulfill my responsibilities as an independent outside director through recommendations and suggestions from the standpoint of stakeholders so that the Cosmo Energy Group can demonstrate its presence as a corporate group that is truly needed by society and can generate sound profits over the long term.



Evaluating management from the standpoint of stakeholders in discussions with senior management

Outside Director
Saleh Al Mansoor

Describe your impressions of the Cosmo Energy Group and what you think are its strengths and challenges from the perspective of an outside director.

Cosmo group has significant operating and management experience in refining, chemicals, and renewables business, which helped it to survive in a challenging business environment and the financial position, has improved compared to five years ago. Given the current situation triggered by the COVID-19 pandemic, we expect Cosmo to maintain flexibility in taking investment decisions. Main emphasis should be on cash flow management and efficient capital allocation under the 6th Medium Term Management Plan.

What does the Cosmo Energy Group need to do to increase its corporate value?

Cosmo has undertaken several initiatives in the last few years such as shift to holding company structure, Hail Oil field, Maruzen acquisition and growth in wind power, which have resulted in more resilient business model. Next phase of raising corporate value relies heavily upon successful execution of 6th mid-term management plan. The plan is balanced mix of maximizing cash flows in core business of petroleum products while strengthening strategic investment in growth areas such as wind power and petrochemicals. The key is to maintain robust capital allocation and optimize costs.

After joining the Board of Directors as an outside director from this fiscal year, what would you like to accomplish in your role and with your expertise?

Cosmo implements its strategy through a medium-term management plan. The plan targets operating profit improvements, strategic investments and improved balance sheet. This is a continuous process. I expect discussion

with management on business strategy, its execution and evaluate if these are acceptable from the standpoint of shareholders.

As the largest shareholder, Mubadala Investment Company (MIC), what do you desire regarding the management of the Cosmo Energy Group?

6th mid-term management plan has a multifaceted approach to improve profitability, develop a more diversified and stable business model to face future energy scenarios. The business environment has been impacted significantly due to pandemic. Our main expectations are that management should make all efforts to improve structural profitability, capital structure, maintain free cashflows and pay stable dividend.

Will you give a message to shareholders and other stakeholders?

The demand for oil products in Japan has been in structural decline due to aging population and improved fuel efficiency etc. Cosmo Energy Group has responded to the challenges by undertaking several initiatives to enhance competitiveness of its refining & marketing and petrochemical segments. The wind power business has also grown in the last few years. COVID-19 pandemic has compounded challenges for the energy companies. We have a positive impression that management can navigate Cosmo through these difficult times and improve shareholder returns.