

## G Strengthening Corporate Governance Structure

### Messages from Outside Directors



#### Aiming to manage from the stakeholders' perspective

Independent Outside Director,  
Audit and Supervisory Committee Member  
Yasuko Takayama

#### You are in your third year as an outside director. What initiatives have you taken on and what changes have there been in the Cosmo Energy Group?

I have accumulated many years of experience in sustainability strategy, including risk management, and communication with diverse stakeholders at a company operating a consumer product business. I have also been involved in the strengthening of corporate governance from the perspective of auditing as a full-time Audit & Supervisory Board member of the company. Since I became an outside director, I have been leveraging this experience, asking questions and frankly stating my findings about the Group's activities from the perspective of many stakeholders, including the shareholders, investors, consumers, and employees, at the meetings of the Board of Directors, the Nomination and Remuneration Advisory Committee, the Supervisory Committee, and in other meetings. I also ask that executive team members consider issues with a focus on the governance and other aspects in a positive way. I believe that I am contributing to the improvement of effectiveness by energizing their discussions.

#### How do you evaluate the Cosmo Energy Group's sustainable management initiatives?

The Group has been strengthening the Renewable Energy Business under the Sixth Medium-Term Management Plan. In FY2020, all management team members discussed the rebuilding of the internal

structure for advancing initiatives in response to the rapid changes in society towards decarbonization. Examples include the endorsement of the TCFD and the 2050 Carbon Net Zero Declaration. Regardless, open discussions and prompt decision-making by all of the Group's management team members in the Sustainability Strategy Committee and other organizations, as well as their ability to move forward with the decisions, are excellent points of the Group. While many issues remain to be addressed in fields other than the environment, I am sure that we can boldly take on the very difficult challenge of shifting our focus to the Renewable Energy Business while also fulfilling our responsibility to ensure stable supply in the Petroleum Business.

#### What changes and growth have occurred in the last year regarding the evaluation of corporate governance?

It will soon be six years since the simultaneous transition to a holding company structure and to a company with a supervisory committee structure. I feel that the corporate governance structure has been evolving every year and is growing more effective in terms of its operations. Regarding the Board of Directors, we have continuously reviewed the roles and functions of internal meeting bodies, the methods for determining agendas, the methods by which the meeting bodies operate and other matters based on the annual evaluation of effectiveness. This fiscal year, we are advancing measures to increase the number of independent outside directors and increase

diversity to strengthen the supervisory functions of the Board. The Audit and Supervisory Committee is strengthening internal control, including the monitoring of risks, through three-way audits. I think it is particularly important to continue improving the transparency of management and to be accountable to our stakeholders at the same time that we strengthen our supervisory and auditing functions.

#### What are your ideas about what companies' stakeholder engagement should be like?

When I spoke with institutional investors for the first time as an auditor, I felt their significant interest in management risks and their expectations for the management team, which made me understand the importance of dialogue. Because shareholders entrust outside directors with the supervision of management from an external point of view, I think that we bear the responsibility of carefully explaining to investors the status of management and governance in an easy-to-understand manner, take their concerns and expectations about management seriously, and ensure they are reflected in the supervision of and decision-making regarding management. Stakeholder engagement is precisely the important opportunity for this purpose. I think that outside directors should build trust-based relationships between investors and the company through constructive dialogue and fulfill their role as mediators to move forward together toward the sustainable improvement of corporate value.

### Messages from New Outside Directors



#### Leveraging my experience to contribute to sustainable growth

Independent Outside Director  
Ryuko Inoue

#### What do you expect of the Cosmo Energy Group?

The Government of Japan declared that it aims to achieve carbon neutrality by 2050. The achievement of carbon neutrality requires the development of many innovative technologies, so I understand it is important to continue effectively using oil and other sources of energy while taking environmental measures. The Petroleum Business and the Renewable Energy Business of the Cosmo Energy Group form the foundations of people's lives, including the stable supply of food. I hope that the

comprehensive energy business will be able to sustainably grow in the future.

#### What roles do you play and what do you want to achieve as an outside director?

I would like to contribute as much as possible to sustainable growth, the improvement of corporate value, and the continued enhancement of governance by leveraging my experience working for the central government, diplomatic establishments abroad, and in other positions, and the experience gained in my career as a lawyer. While the

COVID-19 pandemic and other events are pushing society to change and measures are being taken by the public and private sectors at home and abroad in response to the pandemic, I would also like to pay attention to data and information management and ICT and digitalization initiatives, for example.



#### Assisting management in the VUCA era

Independent Outside Director,  
Audit and Supervisory Committee Member  
Keiichi Asai

#### What do you expect of the Cosmo Energy Group?

The present era has been described as a VUCA era. VUCA is a term that stands for Volatility, Uncertainty, Complexity, and Ambiguity. In an era where the future is uncertain and it is difficult to guide management, we would like to leverage our diverse business domains and portfolio, which range from oil exploration and

production to renewable energy to remain a corporate group that is needed by society.

#### What roles do you play and what do you want to achieve as an outside director?

I think that, for the Cosmo Energy Group to improve its long-term corporate value and maintain sustainable growth, we need to: (1) solve the social issue of

environmental problems and; (2) increase profitability. I think my role is to help make business decisions when the Group engages in these two initiatives. I would like to leverage my experience and knowledge as much as possible to monitor the Group from the perspectives of many stakeholders.