Corporate Governance Report

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ENECHANGE Ltd.
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The corporate governance of ENECHANGE Ltd. (the "Company") is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information

1. Basic Views

With the mission of "Changing Energy for a Better World," the Company group (the "Group") is promoting Green Transformation (GX) towards achieving a decarbonized society (carbon neutrality), a global challenge. To realize a decarbonized society, effective methods include (i) decarbonizing the power grid, (ii) electrifying transportation, (iii) improving food, (iv) conserving nature, (v) purifying manufacturing, and (vi) removing carbon dioxide (Note 1). The Group, under the mission of "Changing Energy for a Better World," aims to become a category leader in the energy tech domain by developing businesses that contribute to (i) decarbonizing the power grid and (ii) electrifying transportation.

To fulfill this mission, the Group conducts corporate activities while ensuring that all Directors and employees comply with laws, regulations, and the Articles of Incorporation, and perform their duties under the ENECHANGE Group Charter of Corporate Behavior to enhance management efficiency and transparency, achieve sustainable growth, and maximize corporate value.

[Possibility of non-compliance with the Principles of Japan's Corporate Governance Code]

The Company is fully compliant to the five General Principles of the Corporate Governance Code.

[Disclosure Based on each Principle of the Corporate Governance Code]

[Principle 1-3. Basic Policy on Capital Management]

The Group follows a dividend policy that states, "At present, we believe that strengthening our financial structure, enhancing internal reserves for business expansion, and allocating investments to diversify and strengthen our revenue base will result in the greatest returns to our shareholders. Therefore, we have not distributed dividends since our founding and plan to continue enhancing internal reserves for the foreseeable future." This policy is disclosed in our securities reports and other documents. Regarding capital management, we strive to explain at financial results briefings and other occasions that our basic policy includes utilizing borrowings and, if growth investments are necessary, considering utilizing capital markets.

[Principle 1-4. Policy on Strategic Shareholdings]

The Group does not hold listed shares in principle. However, if we do hold listed shares for business alliances or other rational managerial purposes, we periodically verify that the holdings align with their intended purposes.

When exercising voting rights related to strategic shareholdings, we make decisions based on whether the proposal will enhance corporate value and shareholder returns from a mid- to long-term perspective. We are particularly cautious about proposals that may damage the corporate value of the relevant company.

[Supplementary Principle 1-4 (i)]

If a business company that is a major shareholder indicates an intention to sell our shares, we generally allow them to sell as they wish.

[Supplementary Principle 1-4 (ii)]

The Group conducts transactions with strategic shareholders under economic conditions similar to other usual transactions, considering economic rationality, and ensures that they do not harm the common interests of the company and its shareholders. In particular, transactions with EPCO, Ltd., a major shareholder, are conducted after their terms are reviewed by the Board of Directors.

[Principle 2-1. Formulating a Management Philosophy as the Basis for Enhancing Medium- to Long-Term Corporate Value]

The Group recognizes that sustainable growth and the creation of medium- to long-term corporate value are built on cooperative relationships with stakeholders other than shareholders. We are taking the lead in fostering a corporate culture and climate that respects sound business ethics as defined in the ENECHANGE Group Charter of Corporate Behavior.

[Principle 2-3. Sustainability Challenges, Including Social and Environmental Issues]

Towards the realization of a sustainable society, as a company in the energy industry, where structural reforms are indispensable, and as a category leader in the energy tech domain, the Group is committed to investing proactively in people and future energy technologies to positively impact the energy industry and the subsequent realization of a decarbonized society. Based on this belief, we have formulated an ESG materiality map and disclosed specific initiatives.

[Principle 2-4. Ensuring Internal Diversity, Including Promoting Women's Participation]

The Group recognizes ensuring diversity as a management challenge and considers diversity perspectives in the selection of Directors and Executive Officers. Specifically, with the appointment of a female Director on March 30, 2022, the female ratio became 20.0% (1 out of 5) among Directors, and 25.0% (2 out of 8) among all officers. Furthermore, following the resolution of the 9th Annual General Meeting of Shareholders held on March 28, 2024, two new female Outside Corporate Auditors were appointed at the conclusion of the Adjourned Meeting of the 9th Annual General Meeting of Shareholders held on July 30, 2024, increasing the female ratio among all officers to 37.5% (3 out of 8).

[Principle 4-1. Roles and Responsibilities of the Board of Directors (1)]

The Group appoints Independent Outside Directors with high expertise and experience as defined in the skill matrix, who

constitute a majority of the Board. We have established a highly effective oversight system for Directors by holding full-day management meetings, whose attendees include Executive Officers, twice a year. Additionally, we have established a highly independent audit system for the execution of Directors' duties. At the Board of Directors meetings, participants discuss the Company's basic policies such as management strategies and management plans with the involvement of Outside Directors, facilitating a free exchange of opinions. Furthermore, they examine how to address social issues relevant to our business promotion.

[Supplementary Principle 4-1 (iii)]

The Group's Board of Directors recognizes the formulation and operation of a succession plan for the Chief Executive Officer (CEO) and other top executives as a significant issue. Each Director and Executive Officer is required to set goals related to the succession plan and the development of successors. We will enhance the effectiveness of the succession plan in future operations.

[Supplementary Principle 4-3 (ii)]

Regarding the appointment and dismissal of the CEO, the Group's Board of Directors, which includes three Outside Directors out of four Directors (as of the fiscal year ending December 31, 2024), carries out the process with objectivity, timeliness, and transparency, dedicating sufficient time and resources. We have also established a voluntary Nomination and Remuneration Committee, chaired by an Outside Director, to further ensure the effectiveness of the discussions.

[Supplementary Principle 4-11 (iii)]

To analyze and evaluate the effectiveness of the entire Board of Directors, the Group conducts mutual questionnaire surveys among the Directors and reflects their respective opinions and requests in the operation of the Board of Directors. We will periodically review the operation of the Board of Directors and continue to analyze, evaluate, and address the effectiveness of the entire Board.

[Supplementary Principle 4-14 (ii)]

To enable Outside Directors to fully perform their functions, the Group provides opportunities for them to acquire necessary knowledge related to our business, finance, and organization, tailored to their individual circumstances. Additionally, to ensure Directors and Corporate Auditors can fulfill their roles and responsibilities, we encourage their participation in external seminars and study sessions at the company's expense, providing continuous opportunities to acquire the necessary knowledge.

[Principle 5-1. Policy on Constructive Dialogue with Shareholders]

The Group aims to achieve sustainable growth and enhance medium- to long-term corporate value by engaging in highly transparent information disclosure and building long-term relationships based on constructive dialogue with shareholders and investors. Following this belief and the Company's Disclosure Policy, we promote IR activities through the CFO's direct team, strengthening our system for disclosing information to shareholders and investors through mutual collaboration with relevant departments. We have decided to continuously ensure fair, timely, and appropriate disclosure of company information to all stakeholders.

[Principle 5-2. Formulating and Disclosing Management Strategies and Plans]

The Group focuses on enhancing corporate value by maximizing free cash flow in the long term and emphasizes sales growth in the medium term. To achieve this, we define sales as “number of customers” × “ARPU” (Average Revenue Per User) and aim to build a stable management foundation with a high sales growth rate by maximizing the number of customers through proactive growth investments and increasing ARPU through continuous expansion of our service lineup to enhance customer value. Under this policy, the Group formulates and updates medium-term management plans, considering external environments and our strategies, and sets targets for net sales, operating profit, ordinary profit, and profit. Additionally, we explain the specific measures and investment plans to achieve these targets through financial results briefings and other occasions.

2. Capital Structure

Foreign Shareholding Ratio	10% or more but less than 20%

[Status of Major Shareholders] Updated

Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
Yohei Kiguchi	5,731,800	16.45
JICVGI Opportunity Fund No.1 Investment Limited Partnership	3,784,200	10.86
Energy Station Company Limited	2,399,400	6.89
Custody Bank of Japan, Ltd. (Trust Account)	1,801,700	5.17
SBI Securities Co. Ltd.	1,537,400	4.41
Takahiro Yamaguchi	1,457,060	4.18
Ippei Arita	1,207,408	3.47
The Tokyo Tanshi Co., Ltd.	800,000	2.30
EPCO, Ltd.	480,000	1.38
THE BANK OF NEW YORK 133652	437,400	1.26

Controlling Shareholder (except for Parent)	—
Parent Company (Listed Stock Market)	N/A

Supplementary Explanation Updated

1. The above list of major shareholders is based on the list of shareholders as of June 30, 2024.

2. Of the shares owned by Custody Bank of Japan, Ltd. (Trust Account), 1,801,700 shares are related to trust operations. The breakdown of these shares is 1,799,000 shares for investment trusts and 2,700 shares for pension trusts.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange Growth
Fiscal Year-End	December
Type of Business	Information & Communication
Number of Employees (Consolidated) at End of the Previous Fiscal Year	100 or more but fewer than 500
Net Sales (Consolidated) for the Previous Fiscal Year	Less than 10 billion yen
Number of Consolidated Subsidiaries at End of the Previous Fiscal Year	Less than 10

4. Policy for Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholders

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5. Special Circumstances Which May Have Material Impact on Corporate Governance Updated

The Company has been in discussions with our Financial Auditor, KPMG AZSA LLC (hereinafter referred to as "AZSA"), regarding whether the SPC (hereinafter referred to as "the SPC") in the SPC scheme adopted by our group (hereinafter referred to as "the Scheme") should be included in our consolidation scope in relation to the new EV charging business, which was fully launched in the fiscal year ended December 31, 2023. Additionally, we have been discussing whether provisions should be made in preparation for the future exercise of put options held by investors in the SPC (the right to request the Company or a third party designated by the Company to purchase their equity interests).

During these continuous discussions, AZSA informed us that the information initially provided by the Company was not sufficient for assessing the necessity of including the SPC in our consolidation scope, and that, upon receiving additional disclosed information, AZSA concluded that the SPC should be included in our consolidation scope. As a result, after considering this feedback, we have accepted AZSA's conclusion and made the necessary adjustments to include the SPC in our consolidation scope.

Furthermore, during the above discussions, AZSA pointed out potential internal control issues, such as the necessary information for assessing the inclusion of the SPC in our consolidation scope not being timely and sufficiently reported or shared with our Board of Directors and other relevant parties during the execution and accounting processes of the Scheme. Taking this into consideration, the Company recognized the necessity to clarify the underlying facts through an impartial investigation, as well as to verify the process of evaluating the previous accounting treatment which excluded the SPC from our consolidation scope (hereinafter referred to as "the Previous Accounting Treatment"), assess the existence of cases similar to the Previous Accounting Treatment, investigate and evaluate the relevant facts, and evaluate any internal control challenges. Consequently, we established an Independent Investigation Committee on March 27, 2024, to conduct this investigation. We received the investigation report from the committee on June 21, 2024. On the other hand, we received a "statement of opinion" from our then Financial Auditor,

KPMG AZSA LLC (hereinafter referred to as "AZSA"), which indicated the presence of fraud that could lead to material misstatements involving management. After analyzing and examining the findings of the Independent Investigation Committee and the statement of opinion from AZSA, the Company determined that some Slack messages and emails sent by management and Executive Officers were deleted, and that there was a possibility that the Company's Representative Director and CEO, knowing that a personal loan to the principal bondholder could affect the determination of our consolidation scope, concealed the existence of this loan to avoid the necessity of including the SPC in our consolidation scope and did not provide a report to the Board of Directors or an explanation to AZSA until AZSA gave notice of the implementation of digital forensics. Additionally, the Company could not completely deny the possibility that some Executive Officers of the Company, knowing that the presence or absence of conditions for exercising put options and the degree of their exercisability could significantly impact the determination of the SPC's inclusion in our consolidation scope, concealed the contents explained to the bondholder and intentionally provided different explanations to AZSA in order to prevent AZSA from pointing out the necessity of including the SPC in our consolidation scope. Based on these facts, we concluded that it cannot be said that there was no fraud leading to material misstatements involving management.

Based on the above, the Company formulated recurrence prevention measures and resolved them at the Board of Directors meeting held on July 29, 2024. These measures were disclosed in the "Notice Regarding Formulation of Measures to Prevent Recurrence, Etc." dated the same day. Moving forward, we will promptly implement these measures and strive to regain your trust.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Supervision in Management

1. Organizational Composition and Operation

Organization Form	Company with Corporate Auditors

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	10
Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board Updated	Chairman (excluding those concurrently serving as President)
Number of Directors Updated	4
Appointment of Outside Directors	Appointed
Number of Outside Directors Updated	3
Number of Independent Officers Designated from among Outside Directors Updated	3

Outside Directors' Relationship with the Company (1) Updated

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Aki Mori	From another company											
Kana Bogaki	From another company											
Kenyu Adachi	From another company											

* Categories for "Relationship with the Company"
* "□" when the director presently falls or has recently fallen under the category
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category
"▲" when a close relative of the director fell under the category in the past

a. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary
b. Non-executive director or executive of the parent of the Company
c. Executive of a fellow subsidiary of the Company
d. Party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the Company or an executive thereof
f. Consultant, accounting professional, or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director
g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
h. Executive of a client or supplier of the Company (which does not correspond to any of d., e., or f.) (the director himself/herself only)
i. Executive of a corporation to which outside officers are mutually appointed (the director himself/herself only)
j. Executive of a corporation that receives a donation from the Company (the director himself/herself only)
k. Other

Outside Directors' Relationship with the Company (2) **Updated**

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Aki Mori	□	<Concurrent positions outside the Company> Executive Officer of Recruit Holdings Co., Ltd.	Outside Director Mr. Aki Mori is expected to use his extensive insight, based on many years of experience in the Energy sector and investment banks as well as his experience as CFO of a listed company, to provide advice for the Company's overall management. We have determined that it is appropriate that he make decisions on important matters of management and perform supervision of business execution, and have appointed him as Outside Director. We expect him to continue to provide opinions on enhancing the Company's financial strategy as a listed company and in relation to the capital market, and strengthen the governance system from both competitive and protective stances. Although Mr. Aki Mori owns 130,152 shares of the Company stock, he has no personal, business or other interest relationships with the Company. In addition, he satisfies the requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc., and the Company's independence criteria. There is no risk of conflict of interest with general shareholders, and accordingly, the Company has designated him as an independent officer.

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Kana Bogaki	□	<Concurrent positions outside the Company> Director of Makuake, Inc.	Outside Director Ms. Kana Bogaki is expected to use her extensive insight, based on many years of experience in the area of marketing and her experience of growing Makuake, Inc. to a listed company as its Co-Founder, to provide advice for the Company's overall management. We have determined that it is appropriate that she make decisions on important matters of management and perform supervision of business execution, and have appointed her as Outside Director. We expect her to continue to contribute to the Company's management in relation to strengthening the Company's marketing system and promoting diversity, which we consider a necessary precursor to sustained growth. Ms. Kana Bogaki has no personal, business or other interest relationships with the Company. In addition, she satisfies the requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc., and the Company's independence criteria. There is no risk of conflict of interest with general shareholders, and accordingly, the Company has designated her as an independent officer.

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Kenyu Adachi	□	<Concurrent positions outside the Company> Outside Director of TSUGAMI CORPORATION Outside Director of Japan Alcohol Trading CO., LTD.	Outside Director Mr. Kenyu Adachi is expected to use his extensive insight, based on many years of experience in economic and industrial administration, such as energy, and experience as Outside Director of listed companies, to provide advice for the Company's overall management. We have determined that it is appropriate that he make decisions on important matters of management and perform supervision of business execution, and propose his election as Director. We expect him to provide advice regarding the management policy so that the Company's business can contribute to green transformation, which is promoted by the government, based on his experience in economic and industrial administration. Mr. Kenyu Adachi has no personal, business or other interest relationships with the Company. In addition, he satisfies the requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc., and the Company's independence criteria. There is no risk of conflict of interest with general shareholders, and accordingly, the Company has designated him as an independent officer.

Voluntary Establishment of Committee(s) Equivalent to Nominating Committee or Remuneration Committee	Established

Status of Establishment of Committee Equivalent to Nominating Committee or Remuneration Committee, Composition of Members, and Attributes of the Chairperson

	Name of the Committee	All Members	Full-time Member	Directors	Outside Directors	Outside Experts	Others	Chairperson
Voluntary Committee Equivalent to Nominating Committee	Nomination and Remuneration Committee	3	0	1	2	0	0	Outside Director
Voluntary Committee Equivalent to Remuneration Committee	Nomination and Remuneration Committee	3	0	1	2	0	0	Outside Director

Supplementary Explanation

On June 1, 2021, the Company established a voluntary Nomination and Remuneration Committee as an advisory body to the Board of Directors, with the aim of strengthening the independence, objectivity and accountability of the Board of Directors' functions and further enhancing the Group's corporate governance system by ensuring the transparency and objectivity of the evaluation and decision-making processes related to the nomination and compensation of directors.

For details of the Nomination and Compensation Committee, please refer to "2. Matters on Functions of Business Execution, Audit and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)".

[Corporate Auditors]

Establishment of Board of Corporate Auditors	Established
Maximum Number of Corporate Auditors Stipulated in Articles of Incorporation	5
Number of Corporate Auditors	3

Cooperation among Corporate Auditors, Financial Auditor and Internal Audit Department

The Board of Corporate Auditors exchanges information with the Internal Audit Office on the status of internal audits and other matters as necessary. In addition, the Board of Corporate Auditors regularly meets as a combined group with the General Manager of the Internal Audit Office and Financial Auditor to share information and exchange opinions on the presence of audit-related problems and issues.

Appointment of Outside Corporate Auditors	Appointed
Number of Outside Corporate Auditors	3
Number of Independent Officers Designated from among the Outside Corporate Auditors	3

Outside Corporate Auditors' Relationship with the Company (1) **Updated**

Name	Attribute			Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k	l	m
Atsushi Hioka	From another company													
Mizuho Tosaka	Attorney at law													
Yuki Suzuki	Certified public accountant													

* Categories for "Relationship with the Company"
* "□" when the corporate auditor presently falls or has recently fallen under the category;
"△" when the corporate auditor fell under the category in the past
* "●" when a close relative of the corporate auditor presently falls or has recently fallen under the category;
"▲" when a close relative of the corporate auditor fell under the category in the past

a. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary
b. Non-executive director or accounting advisor of the Company or its subsidiary
c. Non-executive director or executive of the parent of the Company
d. Corporate auditor of the parent of the Company
e. Executive of a fellow subsidiary of the Company
f. Party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof
h. Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a corporate auditor
i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
j. Executive of a client or supplier of the Company (which does not correspond to any of f., g., or h.) (the corporate auditor himself/herself only)
k. Executive of a corporation to which outside officers are mutually appointed (the corporate auditor himself/herself only)
l. Executive of a corporation that receives a donation from the Company (the corporate auditor himself/herself only)
m. Other

Outside Corporate Auditors' Relationship with the Company (2) **Updated**

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Atsushi Hioka	□	<Concurrent positions outside the Company> Audit & Supervisory Board Member of SMARTCAMP Co., Ltd.	Mr. Atsushi Hioka has been appointed as Corporate Auditor because of his experience and knowledge in accounting, finance, and human resources at listed companies, as well as his experience as an auditor at several companies, and we expect that his practical experience will be reflected in our auditing system. The Company has comprehensively verified whether he is in a position to demonstrate objectivity and neutrality and has determined that he is independent as a Corporate Auditor. The Company has designated him as an independent officer since he has no special interest relationships with the Company, he satisfies the requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc., and the Company's independence criteria, and there is no risk of conflict of interest with general shareholders.
Mizuho Tosaka	□	<Concurrent positions outside the Company> Head of the Legal and Compliance Department of UiPath Inc.	Ms. Mizuho Tosaka has been appointed as Outside Corporate Auditor in the expectation that she will contribute her professional knowledge and experience as an attorney, both in Japan and abroad, to the Company's auditing system, although she has not been directly involved with companies in any way other than being an outside officer in the past. The Company has comprehensively verified whether she is in a position to demonstrate objectivity and neutrality and has determined that she is independent as an Outside Corporate Auditor. The Company has designated her as an independent officer since she has no special interest relationships with the Company, she satisfies the requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc., and the Company's independence criteria, and there is no risk of conflict of interest with general shareholders.

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Yuki Suzuki	□	<Concurrent positions outside the Company> Global Solutions Consulting Co., Ltd.	Ms. Yuki Suzuki has been appointed as Outside Corporate Auditor in the expectation that she will strengthen the Company's auditing system. Although she has not been directly involved with companies in any way other than being an outside officer in the past, she has experience in corporate auditing as a certified public accountant and in corporate planning and investor relations at financial institutions and business companies as a securities analyst, and she has abundant experience and knowledge in accounting and finance. The Company has comprehensively verified whether she is in a position to demonstrate objectivity and neutrality and has determined that she is independent as an Outside Corporate Auditor. The Company has designated her as an independent officer since she has no special interest relationships with the Company, she satisfies the requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc., and the Company's independence criteria, and there is no risk of conflict of interest with general shareholders.

[Independent Officers]

Number of Independent Officers	6

Matters relating to Independent Officers

The Company has designated all six Outside Directors/Corporate Auditors who qualify for the independent officer designation as independent officers.

[Incentives]

Implementation of Measures to Provide Incentives to Directors	Share options

Supplementary Explanation

In addition to a share option plan, which was introduced with the aim of further enhancing Directors' motivation and enthusiasm toward improving the Company's business performance, the Company has introduced an incentive plan using a Trusted FMV

Stock Option. The purpose of the incentive plan is to provide an incentive to current and future Group officers and employees to improve corporate value over the medium to long term. The incentive plan is designed to distribute stock option rights allotted to Mr. Hiroyuki Ueno, certified public accountant and certified public tax accountant, to the Group's officers and employees in accordance with their future achievements. This plan differs from existing incentive plans that use stock option rights as it enables to determine the size of the distribution of such rights to the Group's officers and employees at some future point based on future performance evaluation, thereby making it possible to better reward the efforts of individuals. Also, it enables the distribution of stock option rights to the Group's officers and employees to be appointed and recruited in the future according to the same standard to avoid excessive differences that may arise depending on the timing of involvement in our business.

Recipients of Share Options	Inside Directors / Outside Directors / Employees / Subsidiaries' directors / Subsidiaries' employees / Other

Supplementary Explanation

The Company grants stock options to inside Directors, outside Directors, Executive Officers and employees as well as Directors and employees of the Company's subsidiaries to have them act with the shareholders' perspectives in mind and to motivate them to manage the company in a balanced manner from a medium- to long-term perspective. In addition to Directors and employees of the Group, stock options are also granted to external collaborators who contribute to the enhancement of the Group's overall corporate value.

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No individual disclosure

Supplementary Explanation

Since no Director was awarded remuneration, etc. of 100 million yen or more in total, individual remuneration amounts are not disclosed. The total amounts of remuneration for Directors and Corporate Auditors are disclosed, respectively. The specifics of the distribution to the recipients under the incentive plan using the below-described Trusted FMV Stock Option is determined by the Evaluation Committee, which comprises the Representative Director, the person responsible for the HR-related organization and the finance-related organization, and at least two independent Outside Directors, in accordance with the Share Delivery Guidelines.

Policy for Determining Remuneration Amounts or Calculation Methods Thereof	Established

Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof

The Company has established a policy for determining the remuneration amounts for Directors or calculation methods thereof, and those details shall comprise basic remuneration and bonus components. The upper limit for the amounts of remuneration for Directors shall be determined by resolution of the general meeting of shareholders in line with the aforementioned policy, and payment shall be made within that scope. Basic remuneration is paid as consideration for the Director's execution of duties and corresponds to the Director's position and the level of role contribution, and is determined by considering industry standard levels

and the Company's operating results, etc. Bonuses are determined by considering the Company's operating results and each Director's level of involvement in performance. Note that the Company does not adopt a performance-linked remuneration system for the Directors' remuneration.

The remuneration amounts for the fiscal year under review was resolved at the Board of Directors meeting on March 30, 2022, with the individual amounts disclosed and the granting of fixed remuneration decided. The Board of Directors determined that the content was in line with the established policy. On the other hand, in order to create incentive to further generate the Company's shareholder value, or prevent damage to it, and maintain trust in the Company by having the Directors share common value with the shareholders of the Company, the Company has introduced an incentive plan using a Trusted FMV Stock Option that was established with Representative Director and CEO Yohei Kiguchi as the settlor, which is separate from the Directors' remuneration. Based on this belief, to align the incentives of Directors with shareholder value, the Company grants stock option rights to Directors, in addition to monetary compensation, based on evaluations deliberated by the Nomination and Remuneration Committee. Although these stock option rights do not correspond to remuneration under the Companies Act, the Company considers them significant for establishing corporate governance aimed at realizing its vision.

[Supporting System for Outside Directors and/or Corporate Auditors]

The CFO's direct team is the point of contact for support and provides explanation on important matters separately. When a meeting of the Board of Directors is scheduled, the Division distributes materials and takes sufficient time to provide explanations in advance.

2. Matters on Functions of Business Execution, Audit and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

[Current System]

1. Board of Directors

The Board of Directors consists of five Directors (including four Outside Directors who have been registered as independent directors). In principle, the Board of Directors meets twice a quarter, with additional meetings held, as necessary. The Board makes decisions on basic management policies and important business execution and supervises the execution of duties by Directors and reports thereof. Three Corporate Auditors attend the Board of Directors meetings to audit the execution of duties by the Directors.

2. Board of Corporate Auditors

The Company adopts the Board of Corporate Auditors system. The Board of Corporate Auditors consists of one Full-time and two Part-time Corporate Auditors, all of whom are Outside Corporate Auditors. In principle, the Board of Corporate Auditors meets once a month, with additional meetings held as necessary. Full-time Corporate Auditor monitors the execution of duties by Directors by attending important internal meetings such as the Executive Committee, inspecting important documents, and conducting other audit procedures. In addition, the Board of Corporate Auditors strives to improve its auditing function by collecting information through exchanging opinions with Representative Directors, Outside Directors, Financial Auditor, and internal audit staff.

3. Executive Committee

The Executive Committee, attended by Directors (excluding Outside Directors), Executive Officers, and Full-time Corporate Auditor, meets once a week to confirm the progress of business activities, share issues, and make executive decisions in a flexible manner.

4. Compliance and Risk Management Committee

To recognize the risks surrounding the Group and respond to them appropriately, the Company has established the Compliance and Risk Management Committee, which consists of Directors, Corporate Auditors, and General Manager of the Internal Audit Office. In principle, the Committee meets once a quarter to share information necessary for risk management of the Company and its subsidiaries and promote compliance-related initiatives. In the event of a compliance violation, the Committee responds swiftly, investigates the facts of the case, and proposes measures to prevent a recurrence.

5. Internal Audit Office

The Company has established the Internal Audit Office as a department under the direct control of Representative Directors to ensure the efficiency, legality, and soundness of the management of the entire Group. As the Company is a small organization, it has no dedicated employee assigned to the Internal Audit Office. Instead, the General Manager of the Internal Audit Office is concurrently held by an employee from the CFO’s direct team, and another employee from the CFO’s direct team concurrently serves as an internal audit assistant. They conduct internal audits for departments except the CFO’s direct team. To avoid self-auditing, internal audits for the CFO’s direct team are conducted by employees from other business divisions. This two-person team audits the business execution status of the entire Group. Additionally, according to the Internal Audit Rules, the General Manager of the Internal Audit Office may appoint internal audit assistants with the approval of the Representative Director as needed.

The Internal Audit Office conducts internal audits of all divisions and subsidiaries of the Company. The Office reports the results of audits to the Representative Director as well as the audited departments after each audit, and also reports the status of audits to Corporate Auditors.

6. Nomination and Remuneration Committee

The Company has established a voluntary Nomination and Remuneration Committee as an advisory body to the Board of Directors for the purpose of strengthening the independence, objectivity and accountability of the Board of Directors' functions, further enhancing the Group's corporate governance system by ensuring the transparency and objectivity of the evaluation and decision-making processes related to the nomination and remuneration of the Board of Directors. The Nomination and Remuneration Committee reports to the Board of Directors on matters such as the composition of the Board of Directors, individual nominations of Directors, and drafts concerning the composition, level, and maximum total amount of remuneration for Directors.

The committee currently consists of Representative Director Yohei Kiguchi and Independent Outside Directors Aki Mori and Kana Bogaki. Chair of the committee is Aki Mori.

7. Financial Auditor

The Company has entered into an audit agreement with KPMG AZSA LLC, which conducts audits in a timely and appropriate manner. There is no special interest between the Company and KPMG AZSA LLC or its engagement partners engaged in the audit of the Company.

As disclosed in the "Notice Concerning Change of Certified Public Accountants" dated July 5, 2024, it has been decided that KPMG AZSA LLC will resign. The effective date of the change and the successor Financial Auditor will be announced once they have been determined.

[Policies and Procedures for Appointing Executive Officers, and Nominating Director Candidates and Corporate Auditor Candidates]

The policies and procedures for appointing Executive Officers, and nominating Director candidates and Corporate Auditor candidates are as follows.

1. Policies and procedures for appointing Executive Officers

Executive Officers are, in principle, appointed each year from those among a group of executive candidates in the Company's position ranking system who have received a high evaluation, who are of sincere character, and who have in-depth knowledge and excellent capabilities in a specialized field, or from those who are existing Executive Officers, who have the necessary knowledge and experience to fulfill the duties. The appointment procedure is as follows. The inside Directors select candidates, based on inside Director recommendation in the case of individuals for new appointment or in light of performance evaluation in the case of Executive Officers for reappointment, those candidates are discussed at the Board of Directors, and the appointments are decided by the Board of Directors. The Company adopts a delegation-based Executive Officer system and the term of office for Executive Officers is one year.

2. Policies and procedures for nominating Director candidates

To ensure appropriate supervision of management is provided and decision making for important business execution is performed as a Board of Directors of a company that aims to be a category leader in the energy tech domain, in addition to appointing (in principle) internal Directors, multiple Outside Directors, who form a majority, are appointed to enhance the management supervision function of the Board of Directors. Placing importance on independence, Outside Directors are appointed, giving precedence to those who satisfy the requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc., and the Company's independence criteria, and who also have in-depth knowledge accumulated through their experience in their respective field that can be expected to contribute to the management of the Company. The Nomination and Remuneration Committee takes note of the above policy, also considering diversity in specialized fields, and creates a proposal for Director candidate nomination, and following discussion by the Board of Directors, the matter is determined by resolution of the Board of Directors.

3. Policies and procedures for nominating Corporate Auditor candidates

To ensure the auditing and supervision of management is appropriately performed as Corporate Auditors of a company that aims

to be a category leader in the energy tech domain, Corporate Auditors are appointed from those who have knowledge relating to the management of the Company or have advanced specialized knowledge in their respective field, such as accounting, law, and human resources, and also possess a broad range of experience. As a company adopting a Board of Corporate Auditors system, the Company appoints entirely Outside Corporate Auditors for its Corporate Auditors. For Outside Corporate Auditors, the Company, while placing importance on independence, appoints from those who satisfy the requirements for an independent officer as provided for by Tokyo Stock Exchange, Inc., and the Company's independence criteria and whose advanced specialized knowledge and wealth of experience in their respective field can be expected to facilitate appropriate auditing and supervision of the Company's management. The Nomination and Remuneration Committee takes note of the above policy and creates a proposal for Corporate Auditor candidate nomination, and after discussion by the Board of Directors and obtaining consent from the Board of Corporate Auditors, the matter is determined by resolution of the Board of Directors.

[Outline of Liability Limitation Agreement]

The Company's Articles of Incorporation stipulate that the Company may enter into agreements with Outside Directors and Outside Corporate Auditors to limit their liabilities for damages to the Company to a certain extent, to enable such Outside Directors and Outside Corporate Auditors to fully perform their expected roles and to invite capable human resources. In accordance with this provision, the Company has entered into agreements with all Outside Directors and Outside Corporate Auditors to limit their liability for damages under Article 427, paragraph (1) of the Companies Act. The outline of the liability limitation agreement is as follows.

• Liability limitation agreement for Outside Director
If an Outside Director is liable for damages to the Company pursuant to Article 423, paragraph (1) of the Companies Act, the liability shall be limited to the minimum amount as stipulated in each item of Article 425, paragraph (1) of the Companies Act. The limitation of liability stated above is only applicable if the Outside Director has performed his or her duties in good faith and without gross negligence.
• Liability limitation agreement for Outside Corporate Auditor
If an Outside Corporate Auditor is liable for damages pursuant to the Company pursuant to Article 423, paragraph (1) of the Companies Act, the liability shall be limited to the minimum amount as stipulated in each item of Article 425, paragraph (1) of the Companies Act. The limitation of liability stated above is only applicable if the Outside Corporate Auditor has performed his or her duties in good faith and without gross negligence.

3. Reasons for Adoption of Current Corporate Governance System

As described above, the Company has established the Board of Directors, the Board of Corporate Auditors, the Executive Committee, the Compliance and Risk Management Committee, the Nomination and Remuneration Committee, and Financial Auditor, and has also established the Internal Audit Office to audit day-to-day operations. The Company has adopted the current system based on a belief that the mutual cooperation of these organizations will increase its corporate value on an ongoing basis and ensure the effective functioning of its governance system.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Energize General Shareholders Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholders Meeting	The Company strives to send out the notice of general meeting of shareholders as early as possible. For the most recent Annual General Meeting of Shareholders held in March 2024, the notice was sent 15 days before the meeting date. Additionally, to provide shareholders with information at an early stage, the notice was disclosed on the Company's website seven days before the date of sending.
Scheduling AGMs Avoiding the Peak Day	The Company holds an annual general meeting of shareholders in March, scheduling it for a date other than peak days and at the venue located within walking distance of both JR and metro stations so that more shareholders can easily attend the meeting.
Allowing Electronic or Magnetic Exercise of Voting Rights	For general meetings of shareholders, the Company provides a method for exercising voting rights via the internet to create an environment that makes it easier for shareholders to exercise their voting rights.
Participation in Electronic Voting Platforms and Other Efforts to Enhance the Voting Environment for Institutional Investors	Since the Annual General Meeting of Shareholders held in March 2022, the Company has participated in the Electronic Voting Platform for institutional investors operated by ICJ, Inc.
Providing Convocation Notice in English (Translated Fully or Partially)	Since the Annual General Meeting of Shareholders held in March 2022, the Company has prepared convocation notices (convocation notices and reference documents) in English and published them on the Tokyo Stock Exchange website, the Electronic Voting Platform for institutional investors, and the Company's website.
Other	The Company provides information via the internet to engage in a constructive dialogue with shareholders as much as possible at the annual general meeting of shareholders. The Company has also developed an environment where shareholders who are unable to attend the meeting in person can exercise their voting rights more easily by allowing shareholders to exercise their voting rights in writing.

2. IR Activities

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	The Company has created an IR site within its corporate website and announces its disclosure policy on the site.	
Holding Regular Investor Briefings for Individual Investors	The Company is holding an investor briefing for individual investors in which the CEO and CFO explain business performance and management policies. The Company also provides an opportunity for dialogue via the internet and discloses the details of the dialogue on its website.	Yes
Holding Regular Investor Briefings for Analysts and Institutional Investors	The Company holds a regular investor briefing for analysts and institutional investors every quarter in which the CEO and CFO explain financial results, business performance forecast, future business development, industry trends, and other topics. The Company also provides an opportunity for dialogue via the internet.	Yes
Holding Regular Investor Briefings for International Investors	The Company holds regular investor meetings in which the CEO and CFO explain financial results, business performance forecast, future business development, industry trends, and other topics for international investors.	Yes
Posting IR Materials on Website	The Company has created an IR site within its corporate website and releases IR materials on this site.	
Establishment of Department and/or Manager in Charge of IR	The Company appoints the CFO's direct team to carry out IR activities and the CFO is responsible for supervising the activities.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Provisions to Ensure Due Respect for Stakeholders in Internal Rules, etc.	The Company carries out business activities with a belief that earning the trust of shareholders, customers and other diverse stakeholders is key to expanding its business. In response to a changing business environment, the Company has improved its business management system so that the system can ensure management efficiency while establishing a management system that enables swift decision-making and business execution. The Company also intends to ensure that its compliance system works properly based on sound ethics and strives to develop business to meet stakeholders' expectations. The Company also recognizes that sustainable growth and the creation of medium- to long-term corporate value are built on cooperative relationships with stakeholders other than shareholders, and are taking the lead in fostering a corporate culture and climate that respects sound business ethics as defined in the ENECHANGE Group Charter of Corporate Behavior.
Implementation of Environmental Activities, CSR Activities, etc.	The Company will actively work toward achieving the Sustainable Development Goals (SDGs) through offering energy services as a platform company in the energy business to create the sustainable energy future we need to have by 2030. The details of specific initiatives are available on our website (https://enechange.co.jp/en/sdgs/).
Formulation of Policies for Information Provision to Stakeholders	The Company intends to actively disclose information to stakeholders on its website or by holding IR events such as financial results briefing.
Other	The Company announced its "Correspondence Guideline for Covid-19" in May 2020. It has taken initiatives to help employees work more flexibly, so employees with time constraints due to various factors can work more efficiently, which helps increase the efficiency of overall business operations and productivity.

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and Progress of System Development

The Company maintains its internal control system and risk management structure based on the Basic Policy for Establishing Internal Control System developed by the Board of Directors. The overview of the policy is as follows:

1. System to ensure that Directors and employees of the Company and its subsidiaries execute their duties in compliance with laws, regulations, and the Articles of Incorporation

a. For Directors, the Company's Rules on Officers stipulate that "they shall comply with laws, regulations, the Articles of Incorporation, and resolutions by general shareholders meetings and the Board of Directors" and "they shall always strive to behave in a disciplined manner from a compliance perspective, comply with laws and regulations, and fulfill corporate social responsibilities." For employees, the Company's Rules on Employment stipulate that "they shall comply with the Rules on Employment, internal provisions, instructions, and notifications, and shall not violate, or take any action that would violate, any of these."

b. As the ENECHANGE Code of Conduct, the Company has put compliance provisions in place including Compliance Rules and ensures that all Directors and employees comply with these provisions.

c. The Company has established the Board of Directors. In case of any violation of laws, regulations, the Articles of Incorporation, or other internal rules, the Board of Directors promptly grasps what has happened and strives to deal with the violation.

d. The Company has established a whistleblowing system pursuant to the Rules on Whistleblowing, and prevents violation of laws, regulations, or the Articles of Incorporation.

e. When the Company becomes aware of a violation of laws, regulations, or the Articles of Incorporation committed by a Director or an employee, it takes disciplinary action against a Director in accordance with the Rules on Officers or an employee in accordance with the Rules on Employment.

f. The Company has established the internal audit department independent from the departments executing operations. The internal audit department performs internal audits in accordance with the Internal Audit Rules, and reports Directors and Corporate Auditors any compliance violations found in internal audits.

g. The Company has put in place rules, manuals, and guidelines on accounting and financial closing processes, as well as financial reporting, to ensure proper accounting practice and increase the reliability of financial reporting. In the meantime, the Company has established an internal control environment for financial reporting and keeps the environment effective in which independent individuals from accounting duties evaluate such accounting procedures.

h. The Company has established a system to shut out any relationships with anti-social forces and takes a firm stance against any unreasonable demands from them.

2. System for retaining and managing information on the execution of duties by Directors of the Company

a. Pursuant to the Document Management Rules, the Company appropriately prepares, retains, provides, receives, and disposes of important documents and records that contain information on the execution of duties by Directors, including important documents on general management, documents on decisions and important meetings, and financial and accounting documents.

b. In the Document Management Rules, the Company has set out a retention period, a person responsible for managing documents by type of document, and the methods of retaining and disposing of documents and records (including electronic records; hereinafter, the same), and operates accordingly.

3. Rules and other systems for managing risks of losses in the Company and its subsidiaries

a. The Company's Risk Management Rules have set out a system for managing different types of risks and a structure for maintaining the risk management system. Accordingly, the Company regularly, or as necessary, identifies and evaluates such risks.

b. Pursuant to the aforementioned policy, Executive Officers identify and categorize company-wide risks that are apparent or inherent in their respective responsible business divisions and report the identified or categorized risks to the Executive Committee.

c. The Executive Committee evaluates the reported risks in the preceding paragraph and reports them to the Compliance and Risk Management Committee if it deems necessary.

d. The Compliance and Risk Management Committee carefully deliberates on significant management risks, and the Board of Directors takes appropriate actions against the risks as necessary.

e. The Internal Audit Rules have set out that the Internal Audit Office shall be given authority to perform operational audits, financial audits, audits on subsidiaries and associates, and special investigations. In such internal audits, the Internal Audit Office verifies and evaluates whether organizations, systems, and operations are run and implemented efficiently in compliance with the management policy and other rules and regulations, and provides advice based on the results of the verification and evaluation. In such a way, the Company prevents frauds and errors, provides accurate information on controls, preserves property, and improves and enhances business activities.

4. System to ensure that Directors of the Company and its subsidiaries execute their duties efficiently

a. The Board of Directors holds a regular meeting twice a quarter and an extraordinary meeting as necessary to make swift decisions.

b. Directors make efficient decisions based on a business plan and a budget drawn up by the Board of Directors and report the progress of budget execution at the Board of Directors.

c. The Board of Directors reviews the monthly business performance and develops measures for improvement.

d. The Company has put in place the List of Segregation of Duties and Authority Rules, under which Directors execute their duties efficiently, and amends these documents as necessary according to the actual conditions.

5. System to ensure proper business operations of the Group consisting of the Company and its subsidiaries

a. The Company has established Rules for Management of Subsidiaries and Associates for the purpose of ensuring smooth business operations and proper management of the subsidiaries.

b. In the Company's important meetings such as the Board of Directors meetings, the subsidiaries' directors report operating results, financial position, and other important information.

c. The Company's internal audit department performs an internal audit of how the subsidiaries execute and manage business and establishes a system for ensuring the appropriate execution of business.

6. Matters concerning employees to assist duties of Corporate Auditors when they request the appointment of such employees, matters concerning the independence of the employees from Directors, and matters concerning ensuring the effectiveness of instructions from Corporate Auditors to employees

a. The Company appoints its employees to assist Corporate Auditors when they request the appointment of the employees to assist with their duties.

b. Prior consent from the Board of Corporate Auditors is required for decisions about the appointment, transfer, and other personnel matters of the employees who assist duties of Corporate Auditors.

c. When the Company appoints its employees to assist with the duties of Corporate Auditors, it informs the officers and employees that the employees shall follow command and orders from Corporate Auditors.

7. System for Directors and employees of the Company and its subsidiaries to report to the Board of Corporate Auditors, and system to ensure that such Directors and employees reporting to the Board of Corporate Auditors are not treated unfavorably on the grounds of such reporting

a. Directors and employees provide necessary reporting and information upon request from each of the Corporate Auditors in accordance with provisions set out by the Board of Corporate Auditors.

b. Directors and employees report and provide information to Corporate Auditors as follows:

- Reporting and providing information at the Board of Directors
- Reporting and providing information when General Managers of each business division and other individuals are interviewed

c. The Company takes measures to protect employees in accordance with the Rules on Whistleblowing, who have reported pursuant to the preceding two paragraphs, a and b, so that they will not be treated unfavorably on the grounds of such reporting.

8. System to ensure effective auditing by Corporate Auditors

a. Corporate Auditors regularly exchange opinions and have mutual communication with Representative Directors.

b. Corporate Auditors regularly exchange information and have mutual cooperation with Financial Auditors and internal audit staff.

c. Corporate Auditors may seek opinions from an attorney-at-law, a certified public accountant, and other experts when they deem it necessary for auditing.

d. Corporate Auditors attend important internal meetings when they deem it necessary in addition to the Board of Directors meetings, receive reports on important matters, and express their opinions.

9. Matters concerning procedures for advance payment or reimbursement of expenses incurred by Corporate Auditors for the execution of their duties

a. When Corporate Auditors claim advance payment or reimbursement of expenses incurred by them for the execution of their duties, the Company promptly makes payment to or reimbursement to the Corporate Auditors for the expenses unless it deems the expenses unnecessary for the execution of their duties.

2. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts

1. Basic views on eliminating anti-social forces

The Company has established Regulations on Measures Against Anti-Social Forces, stipulating the elimination of anti-social forces. Accordingly, the Company ensures that it will not have any relationships with anti-social forces including organized crime groups and that it will reject any engagement with anti-social forces with a firm stance if they demand it.

2. Progress of related efforts to eliminate anti-social forces

The Company has established Regulations on Measures Against Anti-Social Forces, prohibiting any contact with anti-social forces. Part of the aforementioned basic views on eliminating anti-social forces is incorporated in the Basic Policy for Establishing Internal Control System in accordance with the Companies Act of Japan. The Company also strives to prevent anti-social forces from interfering in its business activities and detect any suspicious signs early. For example, the Company checks in the course of day-to-day operations whether there is any information indicating that potential business partners or customers have any relationships with an anti-social force before entering into a business relationship with them. If any of the Company's existing business partners or customers are found to be or suspected of being anti-social forces, the Company will promptly dissolve the business relationships with them.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation
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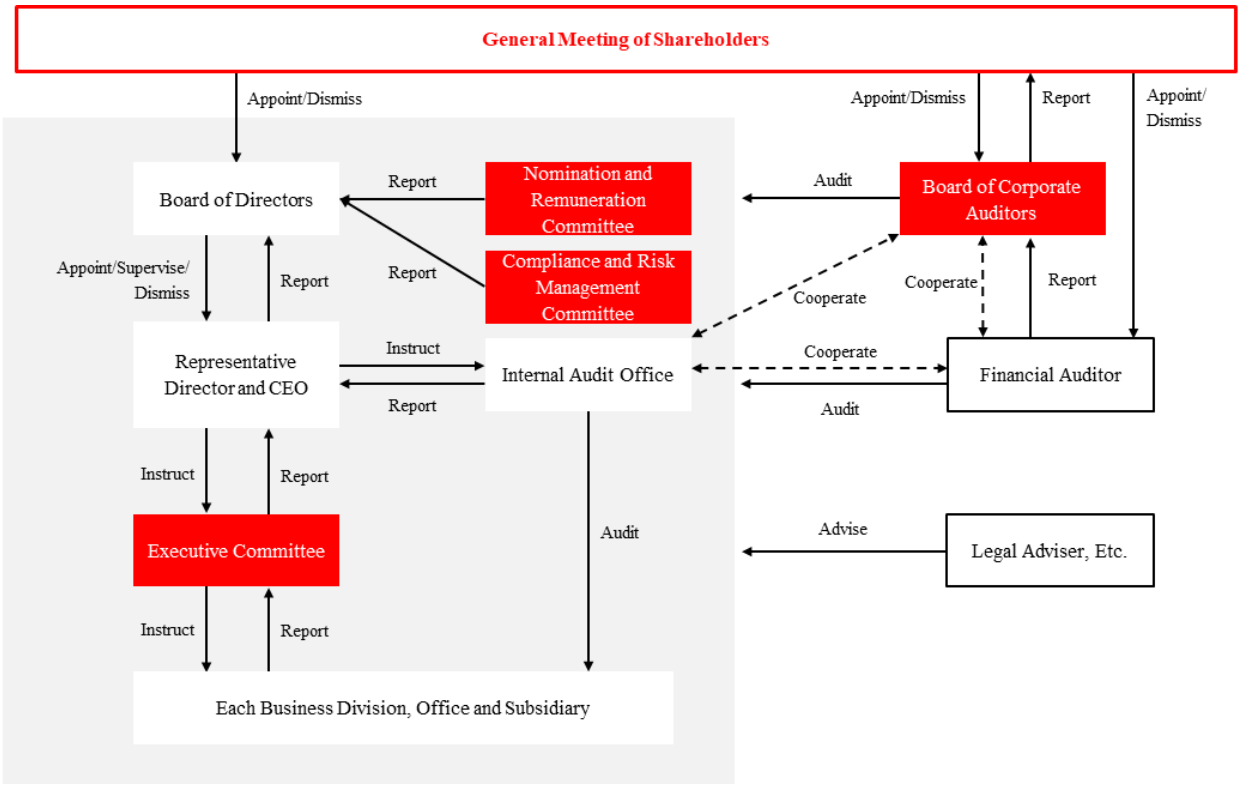
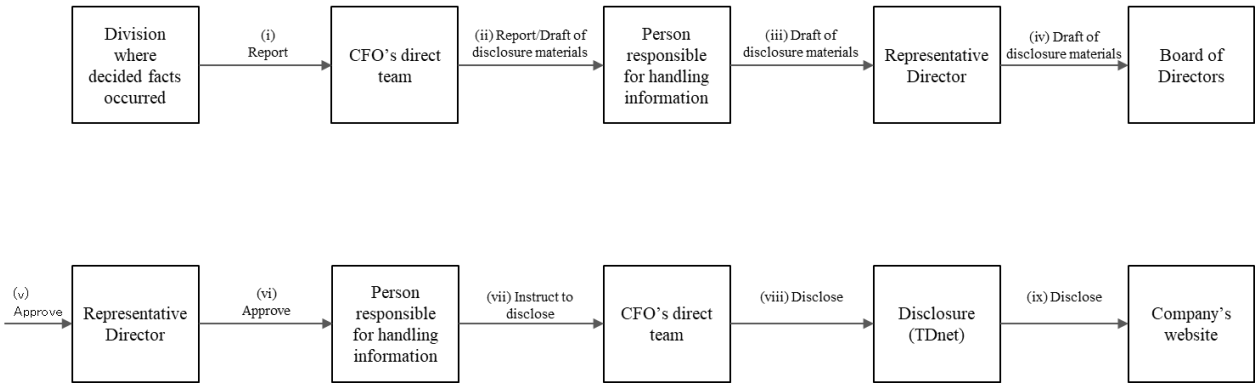
2. Other Matters Concerning Corporate Governance System

Please find the schematic depictions of the Company's corporate governance system and administrative flow of procedures for timely disclosure of information shown below.

END



1. Administrative flow for timely disclosure of decided facts and financial results



2. Administrative flow for timely disclosure of occurred facts

