

## 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 main focus of business for the Company group (the “Group”) are those domains that contribute to the axes of energy revolution, or the 4Ds of Energy: Deregulation, Digitalization, Decarbonization, and Decentralization. As a group of energy tech companies specialized in the energy field, we are developing businesses that leverage mutual synergies through the use of energy-related data and promoting digital transformation (DX) in the 4Ds of Energy with an aim to achieve a unique position as a data platform in the energy field.

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.

#### 2. Capital Structure

Foreign Shareholding Ratio	30% or more
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#### [Status of Major Shareholders]

Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
Yohei Kiguchi	1,143,360	19.21
Energy Station Company Limited	599,850	10.08
Ippei Arita	478,014	8.03
Daiwa Securities Group Inc.	450,000	7.56
Custody Bank of Japan, Ltd. (Securities Investment Trust Account)	358,400	6.02
EPCO, Ltd.	300,000	5.04

[Translation]

SBI Securities Co. Ltd.	286,200	4.81
NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB)	230,800	3.88
Daiwa Energy & Infrastructure Co. Ltd.	206,200	3.47
Nomura Securities Co. Ltd.	174,500	2.93

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

#### Supplementary Explanation

1. The above list of major shareholders is based on the list of shareholders as of March 31, 2021.
2. In the large shareholding report submitted by Asset Management One Corporation on March 5, 2021, it is stated that the company holds 347,400 shares (5.93% of outstanding shares) as of February 26, 2021, but we are unable to confirm the actual number of shares held as of March 31, 2021. Therefore, this information is not included in the above list of major shareholders.

#### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Mothers
Fiscal Year-End	December
Type of Business	Information & Communication
Number of Employees (Consolidated) at End of the Previous Fiscal Year	Less than 100
Net Sales (Consolidated) for the Previous Fiscal Year	Less than 10 billion
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

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[Translation]

## 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
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	8
Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	President
Number of Directors	6
Appointment of Outside Directors	Appointed
Number of Outside Directors	4
Number of Independent Officers Designated from among Outside Directors	4

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Minoru Takeda	From another company											
Aki Mori	From another company											
Shinichiro Yoshihara	From another company								□			
Kenichi Fujita	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)

[Translation]

k. Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Minoru Takeda	<input type="checkbox"/>	—	<p>Outside Director Mr. Minoru Takeda has abundant knowledge and experience in the energy industry as well as experience as a corporate manager at global companies. With a belief that his knowledge and experience will contribute to strengthening the management and governance of the Company, the Company has appointed him as Outside Director.</p> <p>Although Mr. Minoru Takeda owns 30,000 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.</p>
Aki Mori	<input type="checkbox"/>	—	<p>Outside Director Mr. Aki Mori has abundant knowledge and experience in the energy industry as well as abundant management experience and knowledge and experience in capital markets through his work at an investment banking firm and his duties as CFO of a listed company. With the belief that his knowledge and experience will contribute to strengthening the management and governance of the Company, the Company has appointed him as Outside Director.</p> <p>Although Mr. Aki Mori owns 30,000 shares of the Company stock, the Company has designated him as an independent officer as he has no personal, business or other interest relationships with the Company, and therefore there is no risk of conflict of interest with general shareholders.</p>

[Translation]

<p>Shinichiro Yoshihara</p>	<p>□</p>	<p>Mr. Shinichiro Yoshihara is Representative Director and CFO of EPCO, Ltd. The Company has a business relationship with EPCO, to which it outsources part of its call center operations. There are no other personal or interest relationships between EPCO and the Company.</p> <p>EPCO has invested in the Company since June 2015, immediately after its establishment, and Mr. Yoshiyuki Iwasaki, Representative Director and CEO of EPCO, served as Outside Director of the Company until June 2017. EPCO was therefore classified as an “other affiliated company” in the past. We recognize that there is no problem in terms of Mr. Shinichiro Yoshihara’s independence from the Company because EPCO is no longer classified as an “other affiliated company” and the Company’s scale of outsourcing its call center operations to EPCO is at the same level in terms of functionality and economic conditions as compared to that to other third party contractors. Accordingly, we have registered Mr. Shinichiro Yoshihara as an independent officer.</p> <p>(Significant concurrent positions outside the Company) Representative Director and CFO of EPCO, Ltd.</p>	<p>Outside Director Mr. Shinichiro Yoshihara has abundant knowledge and experience in the energy industry as well as experience as Representative Director and CFO at a listed company. With a belief that his knowledge and experience would contribute to strengthening the management and governance of the Company, the Company has appointed him as Outside Director. Although Mr. Shinichiro Yoshihara owns 30,000 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, plus there is no risk of conflict of interest with general shareholders. Accordingly, the Company has designated him as an independent officer.</p>
<p>Kenichi Fujita</p>	<p>□</p>	<p>—</p>	<p>Outside Director Mr. Kenichi Fujita has abundant knowledge and experience in the energy industry, and he also has experience in performing high-level roles in a global corporation. With a belief that his knowledge and experience will contribute to strengthening the</p>

[Translation]

			management and governance of the Company, the Company has appointed him as Outside Director. Mr. Kenichi Fujita 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, and there is no risk of conflict of interest with general shareholders. Accordingly, the Company has designated him as an independent officer.
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Note: The number of shares Minoru Takeda, Aki Mori, Shinichiro Yoshihara own is based on the list of shareholders as of December 31, 2020.

Voluntary Establishment of Committee(s) Equivalent to Nominating Committee or Remuneration Committee	Established
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**Status of Establishment of Committee Equivalent to Nominating Committee or Remuneration Committee, Composition of Members, and Attributes of the Chairperson**

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

[Translation]

Number of Corporate Auditors	3
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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)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Atsushi Hioka	From another company													
Keiko Yokoyama	Certified public tax accountant													
Peter Tam	Attorney at law													

\* 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

[Translation]

Outside Corporate Auditors' Relationship with the Company (2)

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Atsushi Hioka	<input type="checkbox"/>	—	<p>Mr. Atsushi Hioka has experience as a corporate auditor at a listed company and knowledge of human resources and labor. With the expectation that his career and experience would be reflected in the Company's auditing system, the Company has appointed him as Corporate Auditor. The Company has comprehensively verified whether he is in a position to demonstrate objectivity and neutrality and has determined that he is independent as an Outside Corporate Auditor.</p> <p>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.</p>
Keiko Yokoyama	<input type="checkbox"/>	—	<p>Ms. Keiko Yokoyama has experience and knowledge in accounting and finance as a certified public accountant as well as abundant experience in corporate auditing at auditing firms. With the expectation that her career and experience would be reflected in the Company's auditing system, the Company has appointed her as Corporate Auditor. The Company has comprehensively verified whether she is in a position to demonstrate objectivity and neutrality and has determined that she is independent as Outside Corporate Auditor.</p> <p>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.</p>
Peter Tam	<input type="checkbox"/>	—	<p>Mr. Peter Tam has knowledge in corporate legal affairs as an attorney at law licensed to practice under Japanese law, specializing in corporate legal</p>

[Translation]

			<p>affairs. With the expectation that he would make proposals as appropriate to strengthen the corporate governance of the Company, the Company has appointed him as Outside Corporate Auditor. The Company has comprehensively verified whether he is in a position to demonstrate objectivity and neutrality and has determined that he is independent as Outside Corporate Auditor.</p> <p>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 also there is no risk of conflict of interest with general shareholders.</p>
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**[Independent Officers]**

Number of Independent Officers	7
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Matters relating to Independent Officers

The Company has designated seven out of the seven 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
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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 (which has a registered trademark in Japanese). 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 / Executive Officers / Employees / Subsidiaries' directors / Subsidiaries' employees / Other
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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
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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
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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 based on the report by the Nomination and Remuneration Committee, an advisory body to the Board of Directors. 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.

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 (as previously mentioned) 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. For the purpose of securing commitment and incentive from Representative Director and CEO Yohei Kiguchi, the settlor, for creation of shareholder value over the long term, stock option rights have been granted that are to be incrementally made executable over a ten-year period from 2018. Due to these measures, the establishment of a new non-monetary remuneration (including share remuneration or stock options) is deemed to be unnecessary at this point in time.

**[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 six Directors (including four Outside Directors), with a majority being Outside Directors to ensure strong governance. The Board includes members with experience and knowledge in the energy field, as well as those with expertise and experience in management, finance, accounting, and other fields.

In principle, the Board of Directors meets once a month, 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.

The amount of remuneration for Directors is determined within the limit resolved at the general meeting of shareholders, based on the report by the Nomination and Remuneration Committee, an advisory body to the Board of Directors, through deliberation at the Board of Directors meeting held after the annual general meeting of shareholders, comprehensively taking into consideration factors such as their achievements in the previous fiscal year and expected contribution to operating results in the fiscal year under review. The amount for Full-time Directors is determined based on the evaluation of and their performance in the previous fiscal year, along with their current remuneration level and other factors. The amount for Outside Directors is determined by comprehensively considering previous achievements, expected performance, and other factors.

**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. The Board includes members with expertise and experience in accounting, legal affairs, human resources, and other fields, thereby establishing a system that enables auditing from multiple perspectives.

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, General Managers of each business division, 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. 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 remuneration of the Board of Directors, individual nominations of Directors, and drafts concerning the composition, level, and maximum total amount of remuneration for Directors.

For the fiscal year ended December 31, 2021, the committee consisted of Independent Outside Directors Minoru Takeda, Aki Mori, and Representative Director Yohei Kiguchi. Chair of the committee is Minoru Takeda.

### 6. 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.

### 7. 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. However, as the Company is a small organization, it has no dedicated employee assigned to the Office. To avoid self-auditing, multiple persons concurrently serve as internal audit staff and conduct audits based on the audit plan. The Internal Audit Office conducts internal audits of all divisions and subsidiaries of the Group. The Office reports the results of audits to Representative Director and CEO and Representative Director and COO as well as the audited departments after each audit, and also reports the status of audits to Corporate Auditors.

### [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 Representative Director and CEO 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 Nomination and Remuneration Committee, 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 Representative Director and CEO 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 make a notification earlier than the statutory due date.

[Translation]

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	The Company regards exercise of voting rights via the internet as a matter to be considered.
Participation in Electronic Voting Platforms and Other Efforts to Enhance the Voting Environment for Institutional Investors	The Company regards participation in the Electronic Voting Platform as a matter to be considered.
Providing Convocation Notice in English (Translated Fully or Partially)	The Company regards posting of a convocation notice in English on its website as a matter to be considered.
Other	<p>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.</p> <p>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.</p>

## 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. 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.	

[Translation]

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.	
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### 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.
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 ( <a href="https://enechange.co.jp/en/sdgs/">https://enechange.co.jp/en/sdgs/</a> ).
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, which includes many female employees, 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 once a month 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**

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.

### [Translation]

## V. Other

## 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted
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## Supplementary Explanation

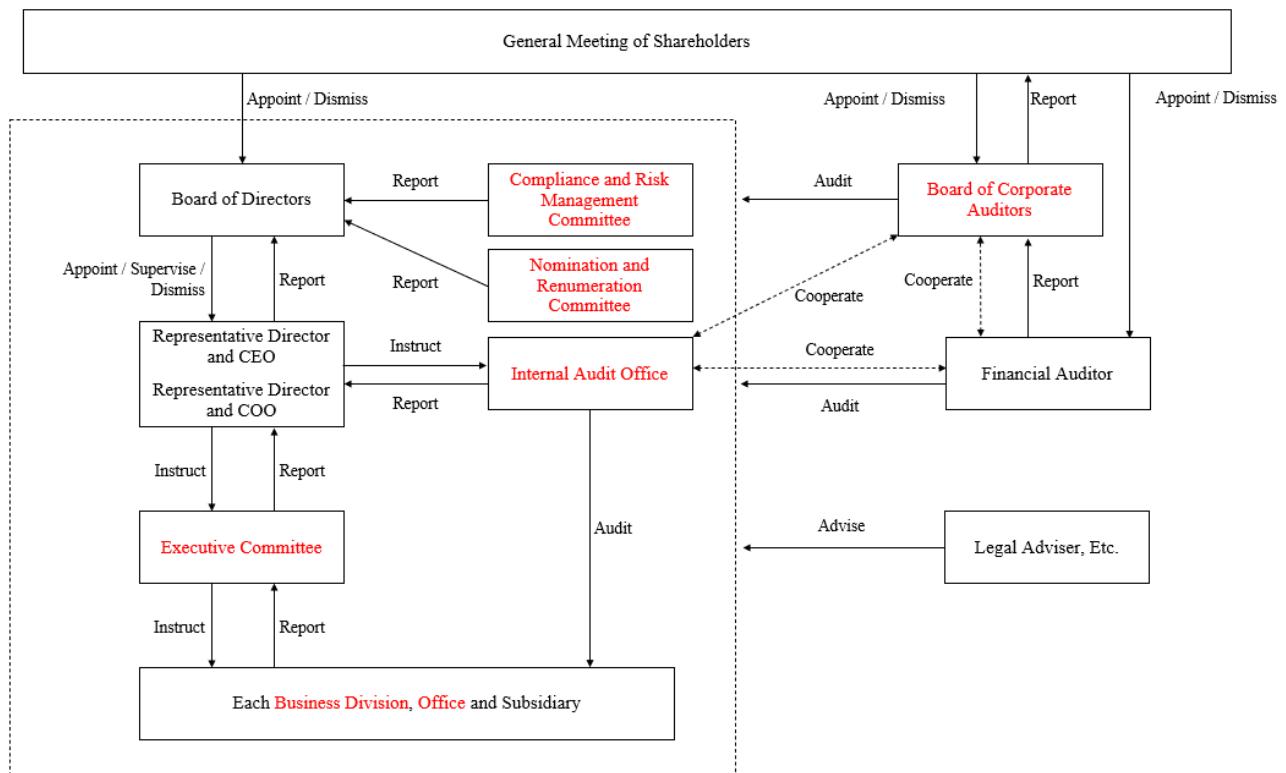
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## 2. Other Matters Concerning Corporate Governance System

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

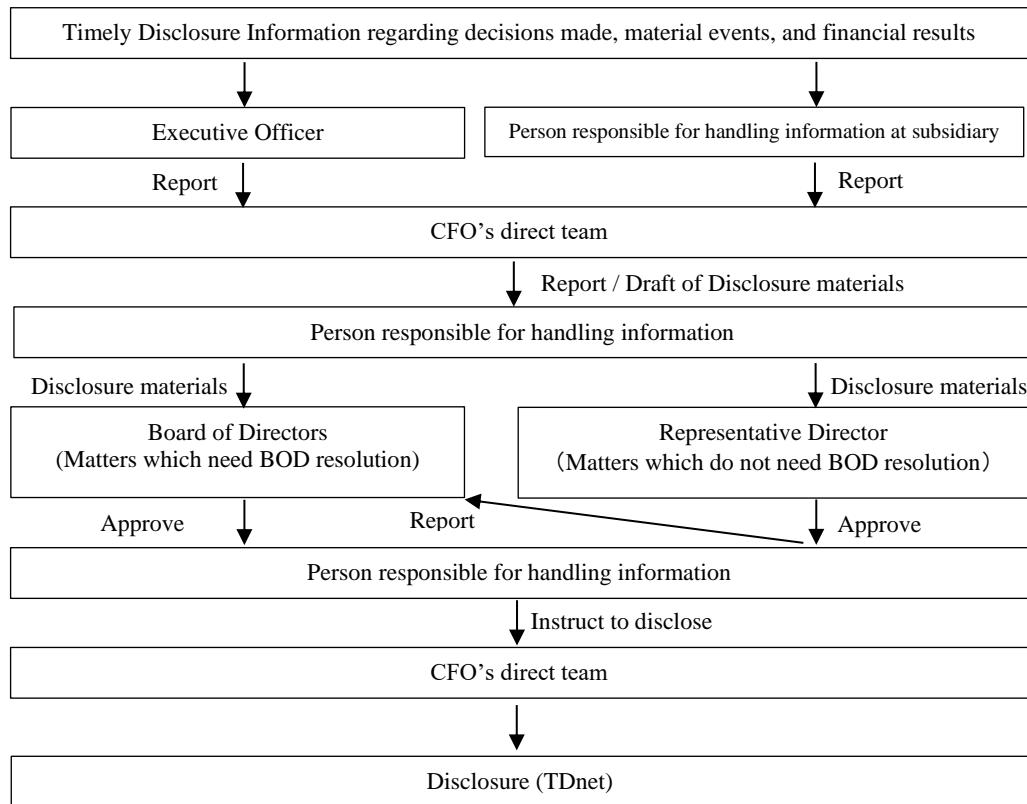
## [Corporate Governance System]



[Translation]

[Timely Disclosure System]

Administrative flow for timely disclosure



## Independence Criteria for Outside Directors

To ensure the independence of those who will serve as Outside Directors, thereby establishing a sound corporate governance system, the Company has set out the independence criteria for Outside Directors as follows. The Company shall deem an Outside Director to have independence from the Company and no conflict of interest with general shareholders if the Outside Director is found not to fall under any of the following items as a result of an investigation conducted by the Company to a reasonably practicable extent.

### 1. Executives of the Company

An executive of the Company or its subsidiaries (hereinafter collectively referred to as the “Group”)

- An “executive” shall mean an executive director, a corporate officer, an executive officer, other officer, an employee, or any other related person who executes the business of a legal entity or organization.

### 2. Major business associates

#### (1) A major business partner of the Group or an executive thereof

- A “major business partner of the Group” shall mean a party who has made payments to the Group in a total amount that exceeds 2% of the Group’s annual consolidated net sales for the most recent fiscal year. If consolidated accounting is not adopted by the Group, the annual non-consolidated net sales for the year of the Company should be employed in place of the annual consolidated net sales for the year.

#### (2) A party who considers the Group as a major business partner or an executive thereof

- A “party who considers the Group as a major business partner” shall mean a party who has received payments from the Group in a total amount that exceeds 2% of the party’s annual consolidated net sales for the most recent fiscal year. If consolidated accounting is not adopted by the party, the annual non-consolidated net sales for the year of the party should be employed in place of the annual consolidated net sales for the year.

#### (3) A major lender of the Group or an executive thereof

- A “major lender of the Group” shall mean a lender from whom the Group has borrowed an amount that exceeds 2% of its consolidated total assets at the end of the most recent fiscal year. If consolidated accounting is not adopted by the Group, an amount of non-consolidated total assets of the Company should be employed in place of consolidated total assets.

### 3. Professional service providers

#### (1) A consultant, accounting profession such as a certified public accountant or a certified public tax accountant, or legal profession such as an attorney at law who receives a large amount of monetary consideration or other property from the Group besides remuneration as an officer (if the recipient of such property is a legal entity, partnership or any other organization, a person who is a member of such organization)

- Receiving a “large amount of monetary consideration or other property” indicates cases when: (1) the professional service provider is an individual, and the total amount of such property received from the Group, excluding remuneration as an officer, exceeds 10 million yen per year in the most recent fiscal year; or (2) the professional service provider is a legal entity, partnership or other such organization, and the total amount of such property received from the Group exceeds the higher of (a) 2% of the organization’s annual consolidated net sales or total annual income, or (b) 10 million yen, in the most recent fiscal year. If consolidated accounting is not adopted by the organization, the annual non-consolidated net sales for the year of the organization should be employed in place of the annual consolidated net sales for the year.

#### (2) A person who belongs to an audit firm appointed as Financial Auditor of the Group

[Translation]

4. Voting right holders

- (1) A party who directly or indirectly holds 10% or more of the Company's total voting rights or an executive thereof
- (2) A party of which the Group directly or indirectly holds 10% or more of the total voting rights or an executive thereof

5. Parties receiving donation or grant

A person or a director of organization such as a legal entity or partnership that has received a large amount of donation or grant from the Group or an executive thereof

- A “large amount of donation or grant” shall mean a donation or a grant at or in excess of 10 million yen per year.

6. Parties who have fallen under aforementioned items in the past

- (1) A party who has fallen under item 1. above in the past ten years
- (2) A party who has fallen under the items 2. to 5. above in the past three years
- (3) A spouse or relative within the second degree of kinship of an important person who has fallen under the items 1. to 5. above
- An “important person” shall mean an executive director, a corporate officer, an executive officer, or an employee who executes important business such as a head of a business unit.

7. Parties who may have a constant conflict of interest with general shareholders as a whole, even if the parties do not fall under any of the aforementioned items.