

Application Guidelines: FY 2023 Subsidy for Attracting Green Transformation (“GX”) Related Companies

(*This English version is for reference only.)



Office for Startup and Global Financial City Strategy

Tokyo Metropolitan Government

Table of Contents

Section 1: Objective of this Program	3
Section 2: Definitions	3
Section 3: Flow of Procedures	4
Section 4: Eligibility	5
Section 5: Expenses Eligible for Subsidization and Support Program Overview	6
Section 6: Program Quota and Duration	8
Section 7: Application Procedure	9
Section 8: Evaluation Process	9
Section 9: Disbursement Application Procedure	9
Section 10: Disbursement Application Approval	10
Section 11: Post-Disbursement Obligations	10
Section 12: Recission of Disbursement Approval and Reimbursement	11
Section 13: Other	11

Section 1: Objective of this Program

The Tokyo Metropolitan Government (hereinafter, ("TMG")) is engaging in efforts to accelerate the Green Transformation ("GX") of the city by attracting overseas companies, fostering collaboration with local entities to encourage the emergence of groundbreaking innovation, and growing related markets as it pursues the decarbonization of its society and achieving a "sustainable recovery".

This subsidy will provide targeted and intensive assistance to GX-related foreign companies, which have a high level of technical expertise in GX-related fields, for the expenses necessary to establish new operating bases within the Asia Head Quarter Special Zone (hereinafter, "AHQZ"). It will also provide ongoing assistance for expenses necessary to promote the growth of said bases within the AHQZ. Through the provision of this support, TMG aims to attract and foster the growth of foreign GX-related companies, facilitate the GX of Tokyo, and incubate the emergence of a wide range of GX related innovations and fundamentally enhance the baseline of such technological capabilities within the city.

Section 2: Definitions

Terms used in these guidelines on are defined as follows:

(1) Green Transformation (GX)

A transformation of the entire socioeconomic system centered around the shifting of economic, social, and industrial structures to clean energy

(2) GX-Related Foreign Company

A corporation established under foreign laws possessing high levels of technical capability in GX-related fields (As a general rule, corporations engaged in asset management or fintech as their primary business are excluded from this definition)

(3) Japanese entities, etc.

A Japanese entity incorporates a GX-related foreign company, or a branch office

(4) Establishment of a Base

The establishment of a Japanese corporation, branch or business office by a GX-related foreign company that meets all conditions (a) through (d) below:

(a) Secure facilities to be used as a location from which they will directly operate their business

(b) Incorporation of a juridical person or registration of a local branch of business office of a foreign company in accordance with the Commercial Registration Act

(c) Hire full-time employee/s necessary for the entity to conduct business operations

(d) Commences the entity's core business operations

(5) Full-time employee

Employees whose employment meets either condition (a) or (b) below:

(a) A person whose employment period does not have a specified duration

(b) A person who has been continuously employed for a period of one year or more, or a person who is expected to be continuously employed for one year or more from the time of employment (A person employed for a fixed duration or a person employed on a day-to-day basis whose employment contract period has been repeatedly renewed and is deemed to be substantially equivalent to (a) above).

It should be noted that employment insurance coverage must be provided in order for a person to be deemed an employee.

(6) Research and Development Base

A facility with the necessary capabilities to carry out research and development for industrializing technologies through research, applied development, trial manufacture, product testing, etc.

(7) Business Management Base

A business center which oversees and manages operations from within AHQZ

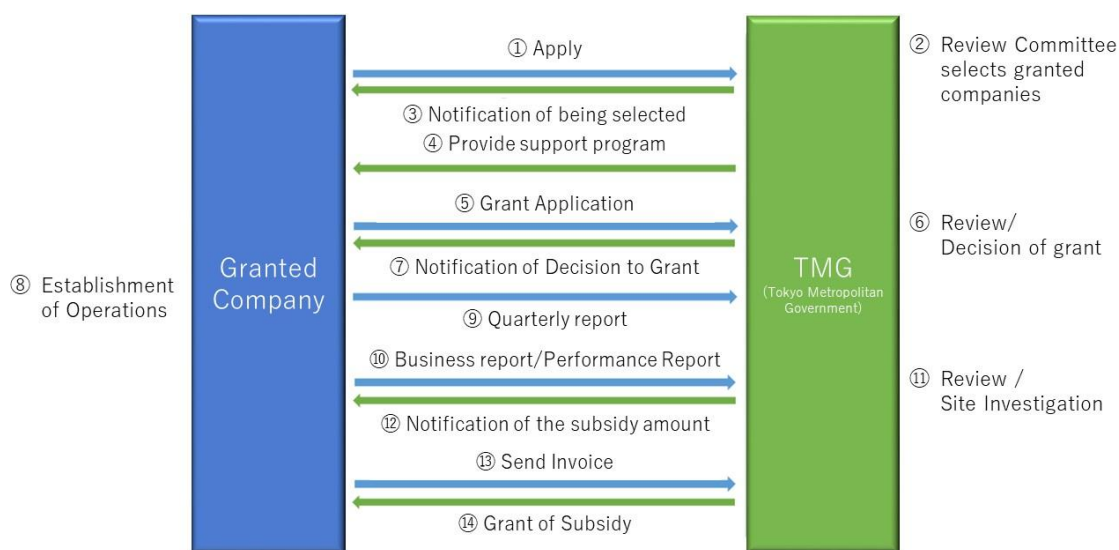
(8) Manufacturing Base

A facility for manufacturing the company's own, etc. products and services

(9) Fiscal year

The period that commences on April 1 of one year and ends on March 31 of the following year

Section 3: Flow of Procedures



① The government is soliciting applications from Japanese entities, etc. and GX-related foreign companies eligible for the subsidy. Companies that meet the eligibility requirements listed in “Section 4: Eligibility” and wish to receive subsidies must submit entry application forms in accordance with the application procedures*.

*For procedural details, see “Section 7: Application Procedures”

②③ The Examination Committee will review the submitted business plans, etc. presentations from a technical perspective (e.g. conformity of business plan conforms to the purpose of the subsidy program, the realism of business plans, anticipated contribution to the GX and revitalization of the economy in Tokyo, etc.) and determine the applicant companies that will be awarded the subsidy (hereinafter, “Finalist Companies”). A notice will be delivered to selected finalist companies informing them of this fact.

④ The Tokyo Metropolitan Government will provide finalist companies with assistance in formal subsidy applications and support for establishing bases.

⑤~⑦ Finalist companies apply to the Tokyo Metropolitan Government for the disbursement of subsidies. Following an examination of the application contents, the Tokyo Metropolitan Government will approve the disbursement of the subsidy so long as the content of the application is appropriate. The Tokyo metropolitan government will issue a Subsidy Disbursement Application Approval Notice to companies whose applications are approved (hereinafter, “Subsidy Recipient”).

*For procedural details, see “Section 9: Disbursement Application Procedure”

- ⑧ Subsidy Recipients establish a base in the AHQZ and commence business operations.
- ⑨ Subsidy Recipients submit a report on business progress to TMG on a quarterly basis.
- ⑩~⑫ After the end of the fiscal year in which the Subsidy Disbursement Application is approved, the Subsidy Recipient submits a Performance Report of actual expenses incurred and a Business Activity Report that reports on the establishment of the base and the status of business development to TMG. TMG will examine the submitted reports and conduct on-site investigations, determine the subsidy amount to be disbursed, and notify the subsidy recipient of this determination.
- ⑬⑭ Upon receipt of an invoice from the subsidy recipient, TMG disburses the subsidy to the Subsidy Recipient.

Section 4: Eligibility

Entities that are reasonably expected to meet the following conditions at the time of application are eligible for the subsidy.

- (1) Japanese entities, etc. or GX-related foreign companies that satisfy requirements (a) through (c):
 - (a) Is able to secure facilities to be used exclusively as places of business
 - (b) Establishes an entity or registers a branch office of a foreign domiciled company in accordance with under the Commercial Registration Act
 - (c) Secures full-time employees necessary for operations
- (2) In addition to the above, all following requirements must be met to be eligible to become a subsidy recipient:
 - (a) The company is selected in accordance Section 3 ② above. However, if the selected enterprise is a GX-related foreign company, the entity receiving the subsidy must be a Japanese entity, etc. established by said company.
 - (b) The GX-affiliated foreign company has not established a Japanese entity prior to the establishment of a base pertaining to the grant.
 - (c) The Finalist Company must commence core business operations from within the AHQZ by the end of the fiscal year in which the company was selected. In addition, it must possess capabilities recognized by TMG as significantly contributing to the GX of Tokyo, such as research and development bases, business management bases, manufacturing bases, etc. related to core business operations.
 - (d) Employ one or more full-time employees through the Japanese entity, etc.
 - (e) At least 1/3 of the capital is invested by the GX-related foreign company. If the Finalist Company is a GX-related foreign company, the ratio of the amount of investment from the Finalist Company must be 1/3 or more.
 - (f) Has not received other subsidies for the establishment of a base, establishment of a financial foreign enterprise base, supporting business infrastructure of a financial foreign enterprise, or supporting priority areas of a financial foreign enterprise.
- (3) A GX-related foreign company or Japanese Entity, etc. must meet all the following requirements.
 - (a) It is not in violation of laws and regulations, etc.
 - (b) It is not delinquent in the payment of taxes
 - (c) It is not in breach of contract with public institutions, etc.
 - (d) It is not endangering public safety and welfare
 - (e) It is not engaged in political, religious or election activities

- (f) Is not an Organized Crime Group Members, etc. (Tokyo Metropolitan Ordinance for Exclusion of Organized Crime Groups (Tokyo Metropolitan Ordinance No. 54 of 2011) ("hereinafter, "Organized Crime Exclusion Ordinance")), as prescribed in Article 2, item (ii)), nor are members of the organization an organized crime group member, etc. falling under any of the categories of organized crime group members, etc. (as prescribed in Article 2, Item 3; Article 2, Item 4 of the Organized Crime Exclusion Ordinance).
- (g) There is no material fact that results in the TMG deeming the company unsuitable for support due to past business or other circumstances, etc.

Section 5: Expenses Eligible for Subsidization and Support Program Overview

(1) Expenses eligible for subsidization are detailed below. Payments must be made by a Japanese entity, etc. between April 1 and March 31 of the fiscal year in which a subsidy application is made are eligible. (However, limited to the first year in which a subsidy is awarded, payments made by GX-related foreign domiciled companies are also eligible). Expenses not related to the provision of the company's products and services, such as consumption tax and expenses paid to public agencies, and expenses subject to other public subsidies and subsidies are excluded from eligibility.

(a) Personnel Expense

Salaries and bonuses paid to full-time employees required for the core operation of the business.

<<Important Note>>

- Allowances for work exceeding the prescribed working hours (i.e. overtime), employee housing, benefits, commutation expense, etc. are not eligible for the subsidy

(b) Hiring Expense

Expenses paid to a fee-charging recruitment agency for the hiring of employees through introductions are eligible. Fee-charging recruitment agencies to which expense payments are eligible are as follows.

- When fee-charging recruitment agencies in Japan are used:
Fee-Charging e recruitment agencies prescribed in Article 30, Paragraph 1 of the Employment Security Act
- When fee-charging recruitment agencies outside Japan are used:
A business operator whose application, approval, license award, etc. has been completed by the national or local government of the overseas country

<<Important Note>>

- Personnel referred by the relevant business operator are required to work full-time at the relevant base for at least one year.
- Overseas fee-charging employment agencies are eligible for payment with subsidy funds for the first year they are selected.

(c) Real Estate Expense (Rent)

Rent expense for offices in the AHQZ necessary for the execution of business. The office must be used exclusively for business operations and must be leased continuously barring unforeseen circumstances.

<<Important Note>>

- Shared offices are also eligible for payment with subsidy funds, but only the rent for the floor space exclusively for the applicant's use is covered

[Examples of Real Estate Expenses Ineligible for Subsidy]

- Rent for one-time use, such as conference rooms, event spaces, and weekly apartments
- Virtual offices (e.g. using only name and the location within the AHQZ and receiving mail)
- Rent for offices subleased to third parties
- Deposit, key money, commission, renewal fee, etc. (i.e. Real estate management and brokering fees)
- Utilities, fire and earthquake insurance premiums, etc.

(d) Expenses for Purchasing Furniture and Fixtures

Expenses for the purchase cost of furniture and fixtures that function independently of the facility, such as desks, chairs, PCs, office machines and software, etc. which are necessary to carry out the main business, to be installed and used in offices in the AHQZ.

<<Important Note>>

- Items with a unit price greater than 10,000 yen but less than 300,000 yen including tax are eligible
- Expenses that can be accounted for as purchase costs, such as shipping and assembly costs, are also eligible

[Examples of Expenses Ineligible for Subsidy]

- Buying second-hand goods
- Leasing equipment from a third party
- Purchase of equipment and fixtures whose lease period has expired
- Building ancillary facilities (air conditioners, boilers, outdoor lighting, etc.), real estate
- Artwork, ornamental plants, etc.
- Office supplies, daily supplies, foodstuffs, etc.

(e) Specialist Service Expenses

Expenses to be paid to specialists (lawyers, administrative scribes, tax accountants, social insurance and labor consultants, etc.) who provide various expert services, etc. are eligible.

In addition, expenses to be paid for consulting with external organizations, etc. and receiving advice and guidance regarding necessary knowledge and response methods, etc. regarding the company's growth and problem solving in the course of executing business shall also be eligible.

<<Important Note>>

- It is necessary to submit "Minutes" and "Reports" prepared by specialized agencies, etc., which can confirm the name of the specialized agencies, the date and time of consultation, the time required for consultation, the specific content of advice and guidance, and future responses, etc.
- The maximum subsidy amount to be granted for these expenses is 10 million yen for the first year, 6.7 million yen for the second year, 5 million yen for the third year, and 3.3 million yen for the fourth year.

[Examples of Specialist Service Expenses Ineligible for Subsidy]

- Expenses, etc. for settlement of accounts and taxation normally required for business operations
- Fees for preparing documents related to the grant application
- Ordinary costs of advisory contracts
- Revenue stamps, registration and license taxes, etc.

(2) Expense Payer

As expenses eligible for subsidization listed in the table above are expected to be paid by both GX-related foreign domiciled companies and their Japanese entities, etc., (due to the timing of the establishment of the Japanese entity, etc.), in the fiscal year (the first year) in which the company was selected for the subsidy, all such expenses are eligible for subsidization regardless of the domicile of the paying entity. It should be noted that all subsidy payments including for expenses paid by GX- related foreign companies will only be paid into the account of the Japanese entity, etc.

In addition, if additional subsidies are awarded in the second (or subsequent) years, only the expense paid by the Japanese entity, etc. are eligible for subsidization (expenses paid by foreign domiciled entities are not eligible for subsidization).

(3) Currency of the Subsidy

The subsidy is disbursed in yen.

If subsidy eligible expenses are paid in a foreign currency, applications for disbursement must be in Japanese yen. The "telegraphic transfer middle rate (official foreign exchange rate)" of the designated financial institution (Mizuho Bank) of the TMG on the date of payment of expenses subject to subsidy or the date deemed appropriate by the TMG shall be applied to the exchange rate at that time (any fraction less than one yen shall be rounded down).

(4) Support Program

The following programs will be provided to selected companies to support to the establishment of local entities and growing business operations. However, regarding TMG's other subsidy programs to discover and attract foreign companies, companies that have submitted investment plans in relation to these other subsidy programs are not eligible for this support program.

(a) Public Relations

The planning and execution of effective PR activities for conducting business in Tokyo

(b) Specialist Services

Professional advice, consultations, etc. (for formulation of growth strategies, market research analysis, etc.) to help establish business in Tokyo.

(c) Business Matching

In accordance with business strategy, identifying companies in Tokyo as candidates for R&D, manufacturing, sales partners, etc. set up interviews, and support matching with companies in Tokyo.

(d) Support for Various Procedures Related to Subsidies for Attracting GX-related Foreign Companies

Administrative support for administrative procedures (application for grant, etc.) related to the subsidy program

Section 6: Program Quota and Duration

(1) Number of Subsidy Recipients

Up to five companies per year

(2) Support Period

Up to four years from the year in which the company was selected

(3) Subsidy Amount

Within the limits of TMG budget, maximum subsidy per company is as follows:

(a) Year 1: within 10/10 of the subsidized expenses, up to 50 million yen

- (b) Year 2: within 2/3 of subsidized expenses, up to 34 million yen
- (c) Year 3: within 1/2 of subsidized expenses, up to 25 million yen
- (d) Year 4: within 1/3 of subsidized expenses, up to 16 million yen

*The amount of subsidy shall be the total of 5 (1) (a)~(e), calculated by applying the above subsidy rate and truncating amounts less than 1000 yen.

Section 7: Application Procedure

(1) Application Period

May 18, 2023 (Thursday) to July 14, 2023 (Friday) 23: 59 (Japan Standard Time)

- (2) To apply, completed applications forms are to be submitted via email to the subsidy program secretariat (admin@tokyo-gxprogram.com) along with any other required documents as prescribed the "List of Documents to be Submitted to the Tokyo Metropolitan Government (Attachment)".
- (3) By submitting an application, the applicant Company shall be deemed to have agreed to the provisions of the Application Guidelines for the "Subsidy for Attracting GX-Related Foreign Companies". (5 Susenji No.268, dated [15] [May] [2023])
- (4) Application documents (Form 1 ~ 3) may be submitted in either Japanese or English.

Section 8: Evaluation Process

- (1) TMG will review submitted documents.
- (2) Applicant companies may be requested to provide additional materials or documents by the secretariat in relation to examination committee proceedings.
- (3) An examination committee will be held for companies that have passed the document review. The examination will be based on application documents and presentations. The language to be used shall be Japanese or English, and if English is to be used, the applicant company may provide an interpreter or use an interpreter arranged by the TMG. If an interpreter arranged by TMG is used, objections on the grounds that the interpreter is incompetent will not be accepted.
- (4) Evaluation committee can be attended online.
- (5) In the event TMG requests the submission of additional materials or explanations, the applicant companies must respond promptly. Also, if there are issues that TMG deem use subsidy to be challenging, it will not be examined.
- (6) The result of the examination will be delivered in writing. TMG will not respond to any inquiries regarding the results of the review (such as the reason for not being selected).

Section 9: Disbursement Application Procedure

- (1) Following selection by the Evaluation Committee, a Subsidy Disbursement Application must be submitted by the Japanese Entity, etc. of the GX-related foreign company that was selected.
- (2) When applying for subsidy disbursement, the relevant application documents listed in "List of Documents to be Submitted to the Tokyo Metropolitan Government (Attachment)" must be submitted to the following address. At the same time, please submit the original documents at the time of application.
- (3) If the documents to be submitted are written in a language other than Japanese or English, a official Japanese or English translation must be attached.

To: Tokyo Metropolitan Government Building No. 1,

Nishi-Shinjuku 2-chome 8-1, Shinjuku-ku, Tokyo 163 -8001
Strategic Projects Promotion Section,
Strategy Promotion Division,
Office for Startup and Global Financial City Strategy
For: "Subsidy for Attracting GX-related Companies"
Phone: 03-5388-2060

- (4) Subsidy Disbursement Application can be submitted for up to four years from the year in which the company was selected.

However, if an application for subsidy is made in or after the year following the year in which the company is selected, the business activity report must be reviewed by the Review Committee for each year in which the subsequent application is submitted, and the continuity and future of the business and the appropriateness of the continuation of support must be evaluated.

- (5) Submitted application documents will not be returned.

<<Important Note>>

- Subsidy Disbursement Applications (Form 4) documents must be prepared in Japanese
- Regarding invoices, account must be opened with a financial institution in Japan and relevant information of the account must be provided in order to receive funds

Section 10: Disbursement Application Approval

- (1) If the subsidy application is appropriate and the disbursement of the subsidy is deemed appropriate, an approval decision will be made and a notice to this effect will be delivered
- (2) Conditions may be placed on disbursement decision
- (3) Following application approval, subsidy will be disbursed

Section 11: Post-Disbursement Obligations

Subsidy Recipients whose Subsidy Disbursement Applications have been approved will be subject to the following obligations:

- (1) Quarterly reports

It is necessary to report the progress of the business for each quarter of the year in which it became the issuing company.

- (2) Business Continuity Obligation

Business must continue within the AHQZ for four years after the end of the fiscal year to which the first grant decision belongs or until the end of the fiscal year.

- (3) Report Business Activities

In each fiscal year from the fiscal year to the end of the fifth fiscal year from the fiscal year in which the first issuance decision was received, a report on the business progress of the relevant fiscal year and the business plan for the following fiscal year must be submitted in the business activity report within 30 days after the end of the relevant fiscal year.

- (4) Notification of Material Changes

If any of the following changes occur within the above period, a Notification of Material Changes (Form 15) must be submitted promptly following the change.

- (a) Change in the name of the subsidy recipient

- (b) Change in the location of the subsidy recipient
- (c) Change of the representative of the subsidy recipient (in the case of a branch office, the representative in Japan)
- (d) If there are circumstances that make it impossible to meet the requirements for issuance

Section 12: Recission of Disbursement Approval and Reimbursement

- (1) All or part of the issuance decision may be cancelled if any of the following instances. If Subsidy Disbursement Applications have been approved in multiple years, the approvals in all years are subject to rescission.
 - (a) When a subsidy approval was received through by deception or other wrongful means
 - (b) When Subsidy Disbursement Guidelines or other laws and regulations have been violated
 - (c) When the requirements specified in "Section 4: (1)" are not met by the last day of the fiscal year that includes the day on which approval was made
 - (d) When meeting conditions for subsidy disbursement during the period from the fiscal year in which the decision for issuance was first made until the end of the fourth subsequent fiscal year is not possible
 - (e) Business continuity violations*
 - (f) In the event of the violation of other terms, etc. contained in these guidelines

*However, in the case of "(e) Business continuity violations," only the disbursement approval in the fiscal year in which the event occurred will be rescinded

- (2) Reimbursement of subsidies

If all or part of subsidy is rescinded, already disbursed subsidies must be returned according to the scope of the rescission. In addition, a penalty charge will be added to the reimbursement, in principle.

If the Japanese Entity, etc. is liquidated, the parent GX-related foreign company will assume the legal reimbursement responsibilities.

Section 13: Other

- (1) TMG may conduct on-site inspections in relation to examining Performance Reports and as necessary in order to confirm the status of operations.
- (2) The company name, representative name, details of assistance, amount, etc. of the Subsidy Recipient may be disclosed by TMG.
- (3) TMG is not responsible for any damages, expenses or losses arising from any change or suspension of the procedures set forth in this Agreement or the Delivery Agreement.

List of documents to be submitted to the Tokyo Metropolitan Government

1 Application documents

Item		Comments
<input type="checkbox"/>	Application Form (Form 1)	
<input type="checkbox"/>	Business Plan (Form 2)	Attach materials that provide detailed information on business activities
<input type="checkbox"/>	Pledge (Form 3)	

2 Application documents for disbursement of subsidy

Item		Comments
Common		
<input type="checkbox"/>	Application form for issuance (Form 4)	Japanese Form only
<input type="checkbox"/>	Identification documents of the representative of the applicant for issuance (In the case of a branch office, its representative in Japan)	Certificate of all resume matters, etc.
<input type="checkbox"/>	Documents that can confirm the address of the applicant for issuance	Certificate of all resume matters, etc.
<input type="checkbox"/>	Materials to confirm the shareholder composition of the applicant for issuance	List of Major Shareholders
<input type="checkbox"/>	Material that can confirm that the seal, etc. used by the applicant for issuance is authentic	Seal Registration Certificate, etc.
<input type="checkbox"/>	Documents that confirm the applicant is not delinquent in tax payments <<In the case of settled accounts>>	Tax payment certificate "No. 3-3", etc. After the second year
<input type="checkbox"/>	Documents that confirm the business performance of GX-related foreign companies over the past two years (In the case of a GX-related foreign enterprise that has been established for less than two years, materials to confirm the business performance after its establishment.)	Financial reporting documents, etc. Delivery for the first year only
<input type="checkbox"/>	Documents that confirm the applicant's business plan for the fiscal year to which the application date belongs and for each of the subsequent two fiscal years	Delivery for the first year only
<input type="checkbox"/>	Documents that confirm the business performance of past grant applicants (Japanese corporations)	After the second year
<input type="checkbox"/>	Documents to confirm that one or more employees are employed	Employment contract, etc.
<input type="checkbox"/>	Documents on which the application amount is based and data showing the calculation process of the application amount	
<input type="checkbox"/>	Other items deemed necessary by the Tokyo Metropolitan Government	
Cases where facilities to be used as a place of business are secured at the time of application for issuance		
<input type="checkbox"/>	Documents to confirm the contents of the property, lease period, rent, payment conditions, etc.	Lease contract, etc.
In the case where the employer has secured regular employees at the time of application for the grant of benefits		
<input type="checkbox"/>	Documents that confirm that the employee related to the said expenses is employed on a regular basis	Employment contract, etc.

*If the document is prepared in a language other than Japanese or English, a Japanese or English translation shall be attached.

*Certificates, etc. issued by public institutions must have been issued within three months at the time of receipt of application for issuance.

3 Performance Report Documents

Item		Comments
Mandatory Documents		
<input type="checkbox"/>	Performance Report (Form 11)	
<input type="checkbox"/>	Business Activity Report (Form 12)	
Personnel Expense		
<input type="checkbox"/>	Documents to confirm that the employee related to the said expenses is employed indefinitely	Employment contract, etc.
<input type="checkbox"/>	Documents to confirm the amount and date of salaries paid	Pay Details, etc.
Hiring Expenses		
<input type="checkbox"/>	Documents to confirm that the employee related to the said expenses is employed on a regular basis	Employment contract, etc.
<input type="checkbox"/>	(In the case of using an overseas fee-charging employment placement business provider) Materials proving that the business provider has received notification, permission, declaration, etc. by the national or local government, etc. of the business provider	
Real Estate Expense (Rent)		
<input type="checkbox"/>	Documents to confirm the contents of the property, lease period, rent, payment conditions, etc.	Lease contract, etc.
Expenses for purchasing furniture and fixtures		
<input type="checkbox"/>	Documents to confirm functions, unit prices, etc. of purchased products	Purchase orders, delivery slips, product manuals, etc.
Expenses for consultation with experts, etc.		
	Documents to confirm the contents, frequency, and period of consultation, etc.	Written entrustment agreement, minutes, reports, etc.

*If the document is prepared in a language other than Japanese or English, a Japanese or English translation shall be attached.

*Documents submitted by a GX-related foreign company may be self-signed in lieu of affixing a seal.

*Certificates, etc. issued by public institutions must have been issued within three months at the time of receipt of performance reports.