

Risk Management

▶ Material issues



Basic Approach

Based on its internal regulations, the J-POWER Group has established a risk management system that covers not only financial risks with significant impacts on management, but also sustainability-related risks, including climate change and human rights. Under this framework, the Group seeks to maintain and enhance corporate value and contribute to a sustainable society by combining swift decision-making under the oversight of the Board of Directors with autonomous risk management carried out by operational units and specialized committees.

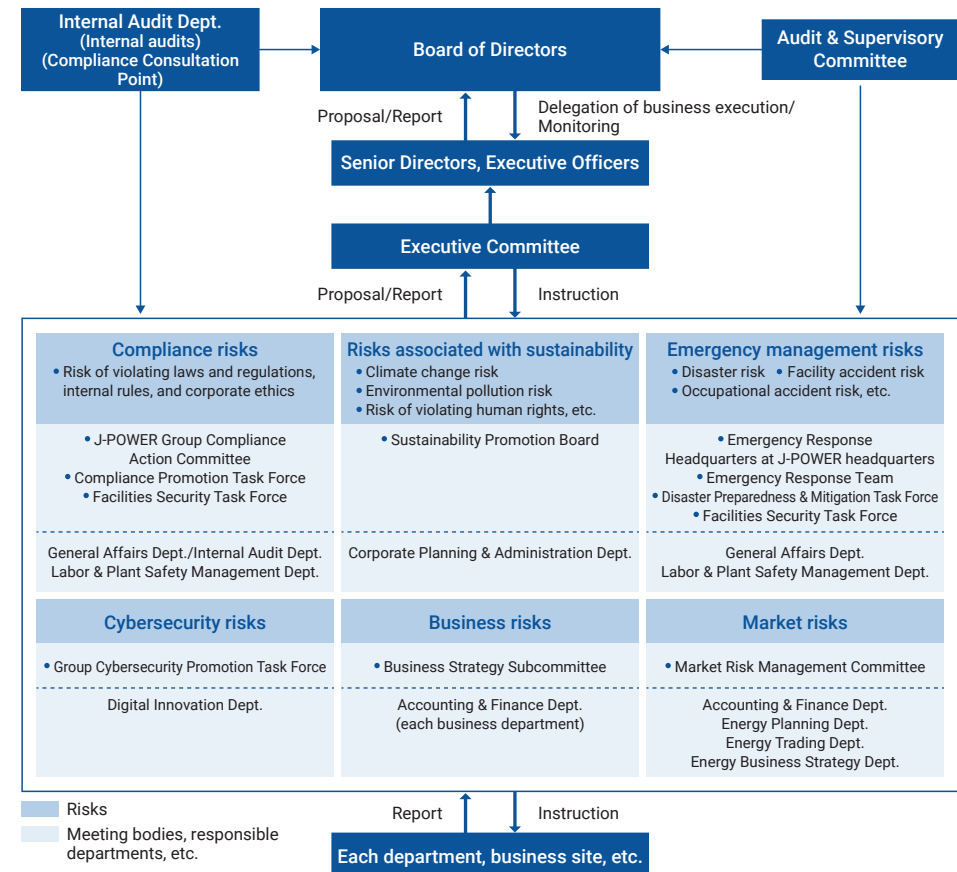
Risk Management Systems

At the J-POWER Group, each department autonomously manages numerous risks related to corporate activities in order to uphold and enhance its financial soundness and corporate value. Meanwhile, the Group examines and takes countermeasures against material risks that should be managed across the Group after each specialized subcommittee identifies, analyzes, and assesses such risks. It is provided that each business site detects and assesses risks and examines countermeasures against such risks in advance as part of emergency management practices during peacetime, and the Group gathers such risk information. After that, the Board of Directors regularly receives reports on the status of business execution, making it possible for the Board to keep up to date on risks at an early stage and manage the risks in an integrated manner. This supports appropriate management discussions and decision making. Through these efforts, internal rules and systems are appropriately reviewed and developed, realizing appropriate risk management in the execution of corporate activities and minimizing the impact when a risk occurs.

Response to Each Risk

- Compliance risks 📖 [P.95 Compliance](#)
- Risks associated with sustainability 📖 [P.21 J-POWER Group's Sustainability Initiatives and Management](#) [P.74 Human rights](#)
Risk Management Framework Covering ESG Risks
📄 https://www.jpower.co.jp/english/sustainability/governance/risk_management.html
- Emergency management risks 📖 [P.98 Emergency Management](#)
- Occupational accident risks 📖 [P.83 Occupational health and safety](#)
- Cybersecurity risks 📖 [P.99 Cybersecurity](#)
- Business risks 📖 [P.59 Risk Management Related to Investment Projects \(TCFD Report\)](#)

Risk management system



● Management of market risks

The Market Risk Management Committee, consisting of Executive Officers in charge of accounting and finance, planning, and sales departments and Department Directors of these departments, deliberates on the management of risks of market price fluctuations in electricity trading and others, and examines and takes necessary risk management measures, such as risk hedging. Furthermore, for risks associated with fuel procurement and price fluctuations, we diversify these risks by decentralizing and diversifying procurement locations and export terminals in Australia, Indonesia, North America, and other regions as well as by holding stakes in some coal mines, in addition to procuring fuel by combining long-term agreements with one-off agreements.