

## **JERA Global Markets Tax Strategy 2021/22**

### **Introduction to JERA Global Markets**

JERA Global Markets (JERAGM) is a leading utility-backed seaborne energy trader specialising in LNG, Coal and associated Freight, with a platform to trade across all key markets (North America, Europe, Middle East, Africa and Asia).

JERAGM is a joint venture between majority shareholder JERA (67%), the leading Japanese power producer and EDF Trading (33%), the trading arm of a leading European power producer Electricite de France (EDF).

JERAGM operates one of the largest seaborne energy portfolios in the world giving it access to an in-depth understanding of the way local, regional and international energy markets behave. These insights enable the company to help its customers increase security of supply, optimise their fuel supply portfolios and improve the risk management of their energy assets.

JERAGM is rated A+ (stable) by R&I rating agency and benefits from strong financial support from both its shareholders.

The headquarters of the group is in Singapore, with offices located in the UK (London), Japan (Tokyo) and the US (Baltimore).

JERAGM aims to become a world leader in seaborne energy trading.

### **Governance**

JERAGM CEO reports to a Board constituted of 6 representatives, 4 appointed by JERA and 2 by EDF. The activity of the Board is supported by 2 specialised Committees: the Audit Committee looking at Finance (including Tax), Internal Audit, Governance and Risk matters and the Remuneration Committee looking at Health and Safety, Human Resources and Compensation related matters. Both those committees regularly report to the Board.

Supporting the CEO is an Executive Committee (ExCom) constituted of the Chief Operating Officer, the Managing Director - LNG, and the Managing Director of Group Co-ordination.

The wider Senior Management Team comprises the SVP Coal, the SVP LNG, the SVP JERA Supply, the SVP Risks and the SVP Finance and Treasury who help the ExCom manage all JERAGM's operations.

The SVP Finance and Treasury, who reports to the COO, has overall responsibility for the tax strategy, tax risk management and the governance framework which supports the tax strategy.

Day to day management of the tax strategy is delegated to the Group Tax Manager who reports to the SVP Finance and Treasury.

This Tax Strategy is consistent with the overall strategies of JERAGM's principal shareholders, JERA Co. Inc. and EDF SA, and aims to create value for the business and shareholders while upholding its reputation and commitment to responsible business practices.

## Commitment to tax compliance

The JERAGM Group seeks to comply with its tax, filing and payment obligations globally.

We aim to act with integrity and transparency in all tax matters with a commitment to full compliance with all tax legislation and full disclosure to tax authorities in the jurisdictions in which we operate.

## Risk management

JERAGM benefits from a tried and tested Risk Control and Management framework.

Our Risk Control framework hinges around 5 core components:

- 1- **Oversight** of the organisation's risk management approach, policies and systems through **the Board, Audit and Remuneration Committees**.

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- 2- **Core policies** that set a comprehensive framework for doing business at JERAGM.

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- 3- JERAGM departments use a suite of **risk controls** to manage, monitor and report risks/ breaches on a daily basis

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- 4- Several **internal committees** are in place to coordinate and support risk management activities, to consider identified breaches, to review projects and counterparts and to take corrective actions when needed.

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- 5- **External auditors** / consultants provide an independent assurance over risks and controls activities at least once a year

Regular risk controls are performed by each department in line with the policies and procedures in place. Roughly 30 controls are performed at the end of each day to ensure operational processes have been properly followed.

Responsibilities for operating and monitoring risk management and internal control activities are clearly documented and communicated across the company. Education and training to ensure an appropriate awareness of roles, responsibilities and accountabilities are available for employees.

The Audit Committee and Board of Directors regularly evaluate the effectiveness of processes for identifying and managing risks to the achievement of JERAGM objectives and challenge or approve the JERAGM risk profile.

Specifically, regarding identification, assessment and management of Tax risk JERAGM has developed what it believes to be appropriate systems and procedures.

JERAGM is proactive in managing tax risks throughout its business. We ensure they are highlighted and monitored and that the most significant are reported to the appropriate level to ensure efficient oversight and Board engagement.

### **Our approach to tax planning**

We aim to manage our tax affairs in an efficient and pro-active manner to ensure our tax attributes maximise value for our shareholders.

We utilise tax incentives, exemptions and reliefs where they are relevant to our business and ply them in the manner intended.

We only undertake tax planning to enable the elimination of tax risk created by our day-to-day business operations (e.g. to avoid suffering double taxation or unexpected tax costs arising from commercial activities).

We do not participate in any artificial schemes or arrangements that are primarily designed and focused on reducing tax liabilities.

External advice may be sought in relation to areas of uncertainty or complexity and to ensure that our activities are in line with our tax strategy.

### **Our approach to dealings with tax authorities**

We work together with the tax authorities in a style that is open and honest in order to build positive, long term relationships.

We aim to maintain regular contact and dialogues with the tax authorities to ensure complete transparency of our tax liabilities and obligations.

We ensure that the tax authorities are kept up to date on significant transactions or changes within the business and disclose all relevant facts including details of any transactions or issues where the tax treatment is unclear. This approach is applied proactively, to both current and future events and transactions.

### **Transparency**

We comply with international compliance measures to improve transparency including OECD measures such as country by country reporting and automatic exchange of information.

We do not tolerate tax evasion or the facilitation of tax evasion by persons acting on our behalf.

*The JERAGM Group regards the publication of this document as complying with the duty under paragraph 19(2), Sch.9, Part 2 of the Finance Act 2016.*