TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

> **This is our first voluntary climate-related financial disclosure in line with the recommendations of TCFD. Our endeavours are integral to the commitment by the MISC Group to address climate change related issues and aspects within our value chain.**

AET's stakeholders must be presented with information that helps them understand the climate change related issues and trends that are facing our business and what we are doing to manage and mitigate them. The TCFD standards seek to improve market understanding and analysis of climate-related risks and opportunities by developing disclosure recommendations that are useful to investors among other stakeholders in understanding material risks. While shifts toward a lower-carbon economy present significant risk, they also create significant opportunity for organisations that are focused on climate change mitigation and adaptation solutions. This is our first voluntary climate-related financial disclosure in line with the recommendations of TCFD. Our endeavours are integral to the commitment by the MISC Group to address climate change related issues and aspects within our value chain.

We have been progressively building an understanding of our climate-related risks and opportunities, updating our climate governance structure, and pushing ourselves to set and achieve increasingly ambitious goals over the last five years. Evidenced by the use of dual-fuel technologies, development and construction of two very large crude carriers which can be operated on zero-emission fuel, and the growing investments in sustainable shipping, AET has taken the pledge to be part of the global solution in the transition to net-zero world.

In Q1 2022, the Board of Directors affirmed AET's commitment to achieve: (i) net-zero GHG emissions by 2050, and (ii) supported our goal of a 40% reduction in our fleet's operations GHG intensity by 2030 compared to 2008 baseline. Despite the current AET asset portfolio, the commitment formalises AET's ongoing work to address the challenges that climate change poses to our industry, market and society at large. The Board's affirmation also demonstrates how identifying, assessing and managing climate-related risks and opportunities remain a top business priority for AET. While this inaugural TCFD report has been a significant step in AET's decarbonisation journey, we will continue to improve on our accountability and mitigative actions in our drive towards a greener, low-carbon future.

This disclosure should be read alongside the "Towards Decarbonisation" section – GHG Intensity Reduction and Net-Zero GHG Commitment by 2050 on pages 86-89.

Timeline of AET's Climate Actions

2017
- Placed order to build two of the world's first LNG dual-fuel DPSTs
- Ordered two LNG dual-fuel Aframaxes
- Invested approximately US$350 to US$400 million in low-carbon newbuilds

2018
- Secured time charter for two LNG dual-fuel Aframaxes

2019
- Took delivery of the two LNG dual-fuel Aframaxes
- MISC Group joins the Getting to Zero Coalition
- MISC Group initiated The Castor Initiative – ammonia-fuelled zero-emission vessels

2020
- Took delivery of two LNG dual-fuel DPSTs (with VOC recovery)
- Placed order for amongst two of the world's first LNG dual-fuel VLCCs
- Invested approximately US$200 to US$250 million in low-carbon newbuilds
- Developed AET's Sustainability Strategy 2021-2025
- Through MISC Group, participated in Carbon Disclosure Project

2021
- Placed order for three LNG dual-fuel VLCCs
- Invested approximately US$300 to US$350 million in low-carbon newbuilds
- Invested in climate tech start-up Daphne Technology
- Through MISC Group,
  - became a signatory of the Call to Action for Shipping Decarbonisation
  - embarked and became a supporter of TCFD

2022
- Committed to net-zero GHG emissions by 2050
- Established GHG intensity targets for 2030 (shipping operations)
- To develop and construct a pair of zero-emission green ammonia VLCCs with Lloyd's Register and Samsung Heavy Industries
- Published inaugural TCFD report

GOVERNANCE

AET's oversight of climate risk has continued to expand and evolve with the increasingly demanding climate goals. Since the release of AET Connects 2020/2021, in which AET pledged to report and align the climate-related initiatives to TCFD recommendations, we have:

- stated our commitment to achieving net-zero GHG emissions by 2050;
- stated our goal to reduce our fleet's operations GHG intensity by 40% by 2030;
- enhanced our oversight of Environmental, Social and Governance (ESG) activities and goals by providing regular updates to our Executive Leadership Team (ELT);
- increased the frequency and depth of climate-related discussions with the Audit Risk Management Committee (ARMC) and Board;
- expanded our understanding of our climate-related risks and included such risks in our Enterprise Risk Management (ERM) and Risk Register, scenario analysis and regulatory engagement and;
- rolled out our first ESG training module and Sustainability Strategy module to highlight our focus on environmental and climate-related risks.

AET's Risk Oversight Structure

Governance	**Board** Overall Oversight
	ARMC Discuss and deliberate key and significant risk events breaching thresholds as well as the proposed mitigations
Management	**ELT** Discuss and deliberate and review all risk events breaching thresholds as well as the proposed mitigations
Strategy and Risk Management	**Corporate Strategy and Planning Team** Monitor and report all risk events breaching thresholds set
Risk Custodians	**Risk Custodians** Implement risk management processes at respective functions

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GOVERNANCE

Board Oversight

The Board of Directors has ultimate oversight of AET's work to identify, assess and integrate climate-related risks and opportunities throughout the organisation. The ARMC of the Board is the primary body responsible for managing risks, including the climate-related risks.

In 2021 and Q1 2022, the ARMC and the Board reviewed and discussed market developments related to the regulatory framework including IMO's GHG strategy and ambitions for 2030 and 2050. The Board also discussed issues pertaining to net-zero, and the implications of the company's net-zero commitment. To support these deliberations, the Board received reports from AET's Corporate Health, Safety, Security and Environment (CHSSE) and Sustainability team regarding the company's sustainability activities and performance, including those related to climate change and net-zero. The ARMC received reports from the ERM team regarding emerging trends on climate risk and AET's approach to managing them.

Management Oversight

The ELT, led by AET's President & CEO, provides guidance for identifying, measuring and assessing AET's climate-related risks and opportunities, in line with the Sustainability Strategy. The ELT is supported by the extended leadership and their respective teams with dedicated business, functional and operational expertise on risk, strategy and planning and on matters affected by climate-related risks and opportunities such as new markets as well as health, safety and environmental regulations.

The ERM team that is part of the Corporate Strategy and Planning team analyses AET's inherent and external climate risks, including the regular reviews performed by the business clusters in assessing the qualitative and quantitative impact of such risks, and updates the ELT on how the risks could be translated into opportunities. The issues and strategies are monitored at the ELT level and surfaced to the Board and ARMC on a quarterly basis. Risk assessment related to future emissions regulations is ongoing given the evolving regulatory environment in which we operate.

The ELT is supported by the CHSSE and Sustainability team, tasked with monitoring AET's fleet's carbon reduction performance, environmental compliance, and working with our stakeholders and partners on the development of emerging regulations.

Training

To keep abreast with the latest global trends and risk mitigation strategies for climate change, the Board and ELT members participated in workshops and seminars during the year. The training sessions were arranged by MISC's Corporate Sustainability team and AET's Corporate Secretariat on topics that included Climate Governance Principles, Implementing TCFD and Driving Towards Net-Zero, and GHG Awareness.

To onboard all employees to AET's environmental agenda, the first ESG training module as well the Sustainability Strategy module focused on climate-related risks were also rolled out during the year.

STRATEGY

Our decarbonisation strategy is carefully balanced with the need to meet the world's growing energy shipping demands, protect the environment and deliver stable shareholder returns — reflecting our triple bottom line priorities relating to people, planet and profit. We have adopted the following short, medium and long-term timelines to chart our strategy and progress towards decarbonised shipping operations.

In setting and monitoring the delivery of AET's strategy, the AET Board and ELT consider climate-related risks and opportunities across three time horizons:

SHORT-TERM (TO 2025) defined by our financial and business plan targets

MEDIUM-TERM (TO 2030) defined by our strategic priorities, regulatory landscape and 2030 GHG goal

LONG-TERM (TO 2050) defined by the scenarios that were built in 2021 to look at critical uncertainties around demand of energy and energy transition, in order to discuss the impacts and the responses to these scenarios

Scenario Analysis

In 2021, we worked with our parent, MISC to define climate-related risks and opportunities arising from various political, economic, environmental, social, and technical trends. To assess the resilience of our decarbonisation strategy and to better understand the physical and transition risks involved, we considered two global warming scenarios at **+1.5 degree Celsius** and **+4 degree Celsius**. The assumptions for the two scenarios came from the following sources: Intergovernmental Panel on Climate Change (IPCC), Representative Concentration Pathways (RCP), Shared Socioeconomic Pathways (SSP), International Energy Agency (IEA) and International Renewable Energy Agency (IRENA).

Scenario Development Process

Determine Driving Forces and Critical Uncertainities
Identify big shifts in society, energy, economics, technology and politics in the future that are relevant to AET

Develop Plausible Scenarios
Draw two possible scenarios to represent a range of potential outcomes

Analyse and Understand Implications and Mitigations

In developing the scenarios, we identified five key driving forces for AET's business performance. These driving forces set the boundaries for the scenarios and the stage for what may come. The two selected scenarios highlight the five TCFD principles of plausible, distinctive, consistent, relevant and challenging. Producing these scenarios required projections of future population levels and the impacts of economic activity, governance structures, social values and technological change. Economic and energy changes were also used to analyse and quantify the effects of these projections on climate change.

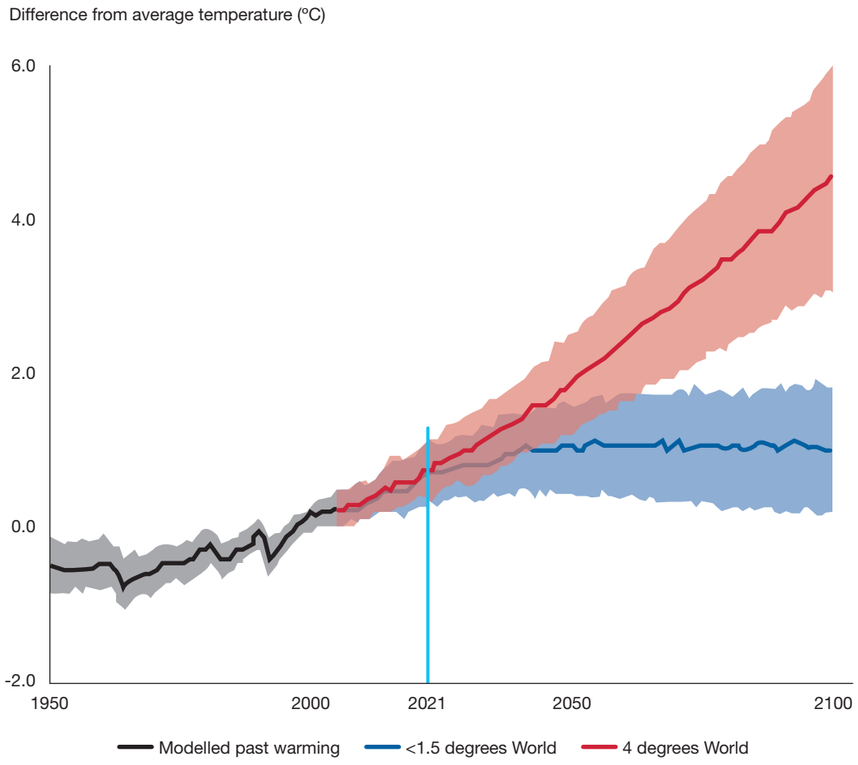
Driving Forces Underlying AET's Risk Scenarios

Political and Legal Aspects	Technology Development	Economic	Environmental Impact	Reputation and Social Aspects
International climate change policy	Renewable energy and energy-efficient technologies	Economic growth	Sea level rise and changes in sea conditions	Customer pressure to reduce value chain emissions
Industry environment standards	Carbon capture storage and utilisation technologies	Energy market (including renewable energy)	Extreme weather events	Demographics/ global population change towards a more sustainable lifestyle
Carbon price				Talent retention and attraction

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

STRATEGY

Projected Scenarios at +1.5 and +4 Degrees of Global Warming



Source: Based on IPCC Assessment Report 5

According to the Intergovernmental Panel on Climate Change (IPCC), limiting global warming to 1.5 degree Celsius is imperative if we wish to avoid catastrophic impacts from climate change. A 1.5 degree Celsius scenario would require aggressive action to limit climate change, hence transition risks are greatest while physical risks are lowest in a 1.5 degree Celsius scenario compared with scenarios where the global temperature rise exceeds this level. Therefore, AET has considered this scenario to understand how we would fare in a low-carbon transition pathway. In a more "business-as-usual" (BAU) scenario or in other words, a 4 degree Celsius scenario, AET might face fewer transition risks, but more physical risks, such as those that result from sea level rise and extreme weather events. Based on the indications of our climate-risk assessment and scenario analyses conducted in 2021, the physical and transition risks of climate change were material to AET's operations in the medium to long-term. However, we expect the impacts of climate change to be systemic, and the transition to a decarbonised global economy to provide growth opportunities across all industries. As such, AET remains committed to enterprise-wide actions in response to the identified climate risks and opportunities. Our focus is to capture the growth opportunities by investing in fleet rejuvenation, maximising energy efficiency, shifting to renewable energy sources and investing in nature-based removals to compensate for any residual GHG footprint. Aside from strengthening our risk resilience, such efforts will future proof our business and bolster our capacity for long-term financial sustainability.

+1.5 Degree Scenario and Impact on AET

The +1.5 scenario is aligned with the Paris Agreement to keep average global warming to well below 2 degree Celsius and continue all efforts to limit the rise in temperatures to below 1.5 degree Celsius. In this scenario, countries and their governments would create the policy context to steer investments and attract climate finance. Strong collaboration would exist among countries on carbon regulations and policies to drive rapid energy system-level decarbonisation at national and sub-national levels through holistic net-zero road maps, investment plans and implementation support. Nationwide schemes for carbon pricing would be introduced, even in all emerging market and developing economies. The tax would increase the price of carbon-intensive fuels and electricity, thereby providing incentives to reduce energy use and shift toward cleaner fuels across all sectors. Crude oil demand would peak by 2019, plateau, and then start declining before reaching sub 30 million barrels per day (mbpd) level by 2050[1]. There is a widespread deployment of both demand-and supply-side energy efficiency measures, and increased electrification of end-use sectors. The speed at which existing equipment is replaced and new technologies are introduced would accelerate. For renewables and related technologies currently at an early stage of development, diffusion time would be reduced by several decades compared with historical averages. Large-scale deployment of Carbon Capture, Usage and Storage (CCUS) technology would happen to bridge the gap towards net-zero carbon economy. Ammonia and hydrogen would be the key marine fuels in the shipping industry by 2050, accounting for approximately 50% to 60% of the market together. The largest ports in the world would become industrial hubs to produce and store hydrogen and ammonia for refuelling ships. Extensive hydrogen and ammonia pipelines and facilities would be installed. Adoption and awareness of changing environmental regulations on carbon pricing and other legal frameworks would continue, supported by climate action across industries.

In this scenario, AET would be impacted predominantly by climate-related transition risks. These risks could range from reduction in crude oil production and demand, increased environmental and carbon policies and legislation, to a faster energy transition to renewables, cleaner and/or non-fossil fuelled energy sources. Our business would be affected by reduced market demand for our vessels.

Higher compliance costs would increase our capital expenditure (CAPEX) and operational costs (OPEX). Stringent environmental regulations may cause assets to be sold prematurely if they cannot be climate-proofed without considerable investment. However, opportunities could arise from repurposing the decommissioned assets as floating storage for the alternative green fuel market and other circular economy opportunities in the future ocean economy.

AET could achieve increased revenue from market demand for low-carbon emission vessels that can meet growing stringent environmental and low-carbon related legislation. AET could also enter new markets as a transporter of alternative fuel or stored renewable energy.

AET would have opportunities to collaborate with supply chain partners and customers to improve the GHG performance of assets in the short to medium-term. This could include new industry collaborations to collectively make commitments, invest in new technologies, build capabilities and share best practices.

AET's recognition as a low-carbon solution provider that both acts and advocates would create more opportunities for us to lead the market and improve our competitiveness. These opportunities could contribute to strengthening revenue and help to attract and retain talent within the organisation.

+4 Degree Scenario and Impact on AET

In this scenario, global climate action institutions are weakened. Climate actions are fragmented with increasing regionalism, competition, and polarisation at the global scale. The lack of established global regulation around carbon emissions limits progress towards regulating carbon, and progress is slow due to misalignment between global and local regulations. Poor alignment of policies across countries impedes valuable exchanges of knowledge and best practices. There is continued reliance on fossil fuel-based transport systems, and crude oil demand remains at about 105mbpd[1]. The price of renewable energy is uncompetitive in most regions due to lack of funding or policy facilitating research and development in renewables. New technologies to reduce GHG and slow down the effects of climate change are adopted at a slower pace. Global emissions continue to be excluded from carbon pricing, and only a handful of countries have set out clear pricing pathways. Sea level rise continues to worsen with unpredictable sea wave patterns and greater frequency of extreme weather.

AET could be impacted by increased maintenance costs and CAPEX. Vessels would require more frequent maintenance to withstand increasingly intense weather conditions. Our operational efficiency may be impacted due to delays and disruptions caused by extreme weather events. Trading routes, ports and related infrastructure may experience disruptions or adverse impacts such as submergence, coastal flooding and coastal erosion due to sea level rise.

There could also be increased exposure to liabilities due to personnel injuries and asset damage caused by increasing storm surges, changes in precipitation, and greater intensity and frequency of typhoon/cyclone events.

However, AET may benefit from the rapid development of better ship designs that can withstand extreme climates. We could also see better growth opportunities due to demand growth or sustained demand in the oil and gas industry as the energy transition to alternative or renewable energy could be much slower.

Source:
1 IEA - World Energy Model Documentation. (2021, October). https://iea.blob.core.windows.net/assets/932ea201-0972-4231-8d81-356300e9fc43/WEM_Documentation_WEO2021.pdf

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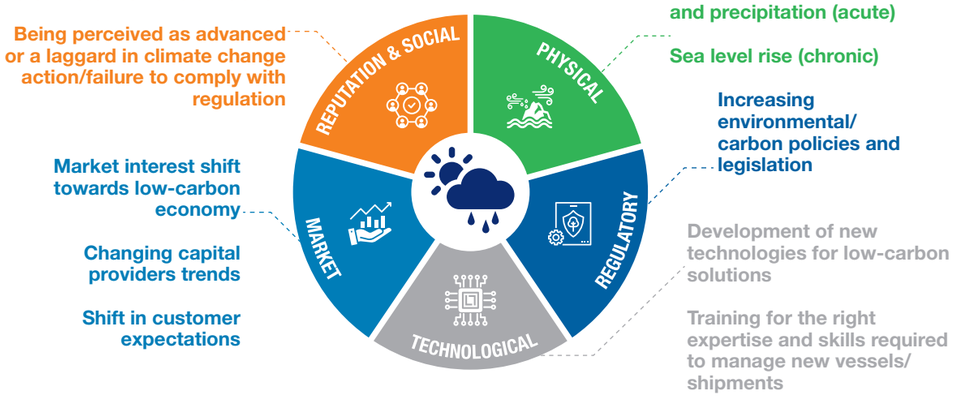
STRATEGY

Climate-Related Risks and Opportunities

During the TCFD workshops conducted in 2021, AET identified several climate-related risks and opportunities that were financially material. These climate-related risks and opportunities were mapped across AET's value chain, from upstream suppliers to downstream customers, to determine the impact from the physical and transitional climate-related risks. These risks and opportunities cut across our short, medium and long-term time horizons and are global in nature. We aim to conduct more thorough analyses in the near future to establish the projected monetary values and specific time horizons for managing such risks.

Our climate-related risks and opportunities are grouped under the five dimensions of physical, regulatory, technological, market, and reputation and social as shown in the chart: *Overview of AET's Climate-Related Risks and Opportunities*. These risks and their impact are further summarised in the table: *Understanding the impact of climate-related risks and opportunities on AET's business strategy and financial planning*. The existing mechanisms to mitigate these climate-related risks are summarised in table: *Mechanisms to manage AET's climate-related risks (page 80)*.

Overview of AET's Climate-Related Risks and Opportunities



Understanding the impact of climate-related risks and opportunities on AET's business strategy and financial planning

PHYSICAL

Risk Type	Potential Risks	Impact on Business, Strategy and Financial Planning	Opportunities
Acute	Increase in extreme wind and precipitation	• Increased asset maintenance cost and CAPEX to withstand extreme weather • Disruption to operations • Increased risk of damage to assets and injury to personnel	• Increased collaboration across the supply chain • Increased R&D initiatives on ship design that can withstand extreme weather events and climate-related risks
Chronic	Sea level rise	• Increased cost from operational delays and disruptions • Disruption to trading routes, ports and related infrastructure due to submergence, coastal flooding and coastal erosion	

TRANSITIONAL

Risk Type	Potential Risks	Impact on Business, Strategy and Financial Planning	Opportunities
Regulatory	Increasing environmental/ carbon policies and legislation	• Higher CAPEX and OPEX associated with implementing compliance measures • Increased cost of borrowing and reduced capital availability • Decreased asset value and risk of stranded assets	• Higher market differentiation resulting from low-carbon assets • New and/or expanded business segments related to new asset classes or vessel types • Increased demand for low-carbon or compliant assets
Technological	Development of new technologies for low-carbon solutions	• Higher R&D cost for products and technologies to generate renewable energy or reduce carbon emissions • New or modified assets or services proving more difficult or costly to develop	• Increased annual savings from energy-efficient technologies and reduced energy consumption • Increased funding/ incentives from financial providers for first movers who develop and adopt new technologies
	Training for the right expertise and skills required to manage new technology	• Increased costs of reskilling the existing workforce and acquiring new talents to manage new technologies	• Improved standing as a climate leader enhances the ability to attract talent
Market	• Shift in customer expectations • Changing expectations of capital providers • Market interest shift towards a low-carbon economy	• Reduce demand for assets due to energy transition	• Increased revenue from new business opportunities that contribute to a circular and net-zero economy • Opportunities arising from sea transportation of alternative fuels or renewable and zero-carbon energy
Reputation & Social	Stakeholder pressure to reduce value-chain emissions	• Reputation impact associated with climate risks	• Stewardship position to drive advancements in decarbonisation technology
	Talent retention and attraction	• Unable to attract talent if it is "business-as-usual"	• Improved ability to attract and retain talent as an advocate of low-carbon future

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

STRATEGY

Mechanisms to manage AET's climate-related risks

PHYSICAL

Risk Type	Potential Impact	Mechanism to mitigate climate-related risks
Acute	Acute physical risks such as hurricanes and typhoons, could: • disrupt AET's business and operations • impact the safety of personnel, assets and cargo • interrupt AET's value chain management • have a material adverse effect on AET's financial and operational results • undermine AET's reputation in the marketplace	AET continues to improve the specifications of its newbuild vessels to address acute physical risks: • Stringent safety controls have been applied to vessel navigation • Comprehensive procedures have been introduced to improve passage planning, vessel management in bad weather, navigational equipment maintenance, resources management and contingency plans for various vessel emergencies A Crisis Management Plan (CMP) was implemented to govern crises incidents: • A Crisis Management Team (CMT) was appointed to identify, evaluate and recommend/proactively address strategic issues impacting people, environment, assets and reputation • All emergency plans at the operational level have been integrated into AET's business continuity management and disaster recovery plans and procedures As the conditions and severity of physical risks may change over time: • Starting 2023, physical risk indicators and signposts will be developed as part of AET's business resilience strategy
Chronic	Chronic physical risks, such as rising mean temperatures and sea levels, could impact AET's shipping operations and ability to support its customers	

TRANSITIONAL

Risk Type	Potential Impact	Mechanism to mitigate climate-related risks
Regulatory	New and emerging carbon policies and regulations could: • increase AET's regulatory and compliance risks • affect the compliance requirements and costs associated with the compliance programmes/ processes in AET's different geographical locations	AET continues to proactively keep abreast with maritime legislation and the unilateral decisions of maritime nations: • Starting 2022, following our risk analyses, the "Failure to meet regulatory expectations on environmental impact, including climate change" will be managed as a standalone risk in the ERM risk register • IMO regulations and guidelines will serve to guide our pathway towards zero emissions from international shipping. AET has developed an EEXI and CII execution plan to ensure zero failure. • AET's vessel fleet will be continuously evaluated and right sized to ensure that underperforming ships are sold or monetised through investments into newer and greener assets.

Risk Type	Potential Impact	Mechanism to mitigate climate-related risks
Technological	The development of new technologies for low-carbon solutions could: • undermine the performance of AET's current vessel fleet • reduce the relevance and usage of our assets	AET continues to invest in new technologies to improve design and energy efficiency of our vessels. Key initiatives include: • Incorporating LNG dual-fuel systems in our vessels • Retrofitting existing vessels with green technologies to improve energy-efficiency and lower emissions • Investing in strategic GHG abatement technologies • Development and construction of the first two ammonia dual-fuel zero-emission VLCCs, which will be owned and operated by AET in late 2025 and early 2026
Market	Shifts in the expectations of customers and capital providers towards low-carbon economy could: • reduced demand for conventional tankers	AET is actively addressing new market opportunities arising from the transition towards renewable energy sources: • Our business strategy will enable AET to explore and develop low-carbon services as new income streams that support both the circular and net-zero economy
Reputation & Social	Pressure to uphold our market reputation as a leader in climate-change action could: • subject AET to higher scrutiny in the maritime and energy industries • put higher demands on the costs and transparency of AET's environmental stewardship efforts	AET is leading in advocacy campaigns for policies that support net-zero, and has established various measures to safeguard its reputational risks, including: • Setting goals to reduce our shipping GHG intensity by 2030 • Committing to net-zero GHG emissions by 2050 • Communicating our sustainability efforts and achievements to internal and external stakeholders • Taking the lead to drive positive industry change • Investing in dual-fuel systems that emit lower carbon • Sponsoring cadets at ALAM that are trained in crewing technologically advanced lower-carbon ships such as our dual-fuel Aframaxes and VLCCs

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

STRATEGY

Climate Strategy

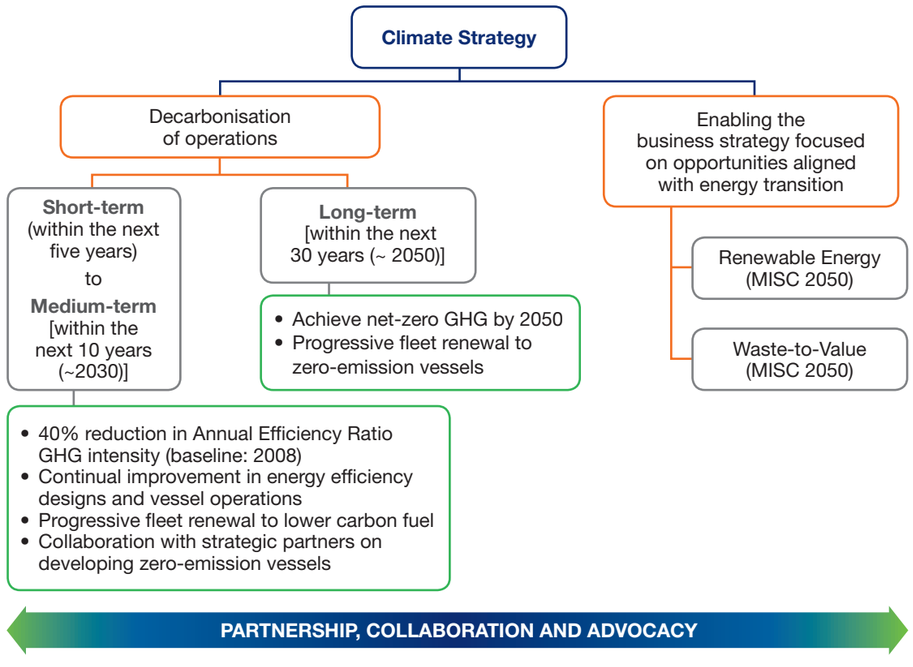
Climate change is a global challenge that poses risks to the environment, biodiversity, health, safety, and security of the communities we operate in. In many ways, our climate strategy is our new business strategy, and our climate strategy is guided by the global mandate to limit global warming to well below 2 degree Celsius in order to safeguard our long-term competitiveness. We believe that today's environmental risk is tomorrow's economic risk. We are actively tackling our environmental risks, so that we can ensure the economic viability of our business today and in the future.

Our climate strategy is driven by factors such as changes in policy, legislation, customer preferences or markets as a result of growing concerns around climate change and energy transition. The requirement for an accelerated climate action through investments in renewables and green fuels poses a direct impact to our industry. At the same time, an intensification in the scale and frequency of severe weather and natural disasters will be a systemic risk to our business in the long term. This makes climate change a top-priority issue that we must address head-on not only for our shipping business, but also in our role as a global company. To that end, AET is committed to implementing actions that will decarbonise our business while supporting the world in its transition to greener solutions.

While formulating our climate strategy and creating a framework for action, we have assessed the challenges ahead, considered our goals and targets and developed a plan on how we go about achieving them. We are committed to aligning our GHG emissions across all scopes to net-zero by 2050 in line with the Paris Agreement goals. Our target by 2030 is to reduce our shipping GHG emissions intensity by 40% compared to 2008 baseline. Climate-related metrics on GHG emissions and the evaluation of lower carbon emissions businesses are now part of the Company's Balanced Scorecard.

More on AET's climate strategy and transition plan in the following charts.

Overview of AET's Climate Strategy



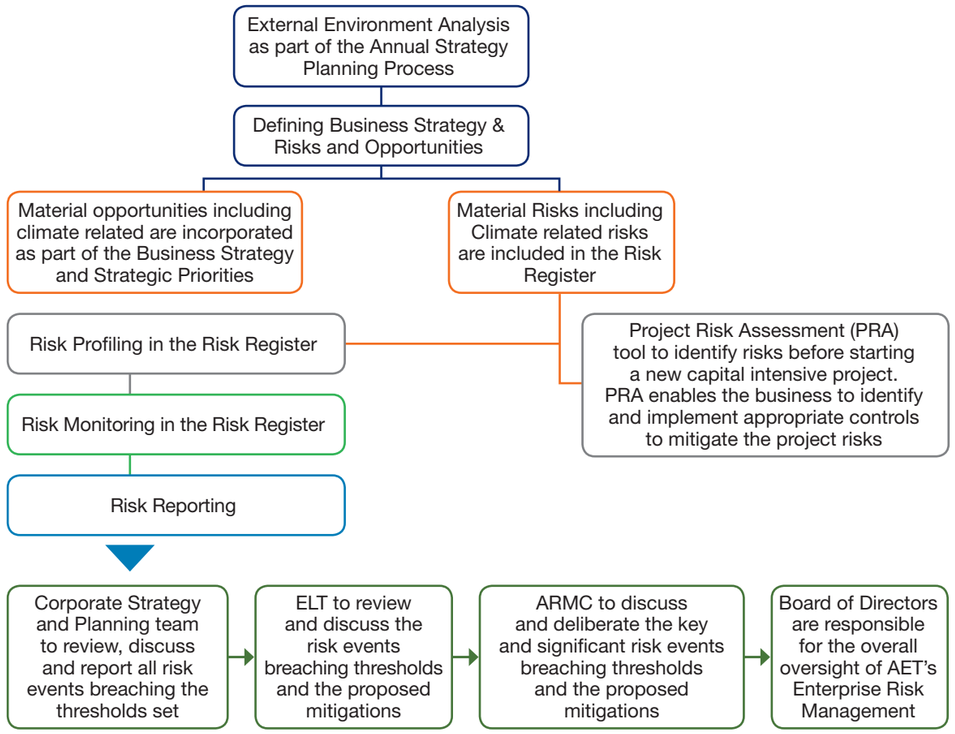
AET's Transition Plan

RISK MANAGEMENT

Risk Management Framework

The management of AET's climate-related risks is embedded into our processes for Strategic and Enterprise Risk Management and Project Risk Assessments.

Overview of AET's Risk Management Framework



TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES (TCFD)

RISK MANAGEMENT

Strategic Business and Risk Planning

Beginning 2022, the impact of climate-related scenarios on business outlook will constitute part of the external risk factors to be evaluated during AET's annual strategic and business planning exercise. Material risks and opportunities will be translated into strategic priorities as part of our five-year rolling business plan.

Enterprise Risk Management

Climate-related risks are identified, assessed, evaluated, treated, reported and monitored as part of AET's Enterprise Risk Management process. Risk management activities are undertaken by Corporate Strategy and Planning team before they are escalated to ELT, ARMC and Board for deliberation and resolution.

Beginning 2022, AET's climate-related risks will be included in the risk registers developed and maintained at the operational level.

This will improve the monitoring of our climate risks, assessment of climate-risk impacts and identification of risk-mitigation plans. The process for including AET's climate-related risks and opportunities in the existing risk register will be enhanced progressively.

AET's GHG emissions performance and carbon reduction against the strategic targets will be presented to the ELT and ARMC as part of the quarterly risk reporting from 2022. Our GHG emissions performance and intensity reductions against the strategic targets are already included and tracked as part of AET's Balanced Scorecard.

Project Risk Assessments

Beginning 2022, climate-related risks and opportunities will be considered in Project Risk Assessments. AET will assess the climate-related risks based on quantitative and qualitative criteria. Priorities will be set based on the severity of the potential risk impact and the scale of the opportunities.

METRICS AND TARGETS

The principal metrics used at AET to monitor our progress on GHG goals (including Scope 1, Scope 2 and Scope 3 emissions) are disclosed on pages 86-91, under the Sustainability Pillar - Environment "Towards Decarbonisation" section.

Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and the related risks.	Scope 1 and Scope 2 on page 91 TCFD risks as described in Strategy section, page 76 Risk factors, page 78
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	To better reflect our sphere of influence on GHG reduction, AET's GHG organisational boundary is based on the GHG Protocol Corporate Standard's financial control approach, in line with our parent's organisational boundary. In line with MISC, AET's GHG organisational boundary was revised to follow the GHG Protocol Corporate Standard's financial control approach in 2021. All direct GHG emissions emitted from assets and operations falling under AET's GHG organisational boundary are accounted as our Scope 1, while electricity purchased for use on our assets and facilities are accounted as Scope 2. Emissions from the below mentioned assets and facilities, where material and applicable, form part of our Scope 3 emissions: 1. downstream leased assets which are owned by AET but leased out (bareboat-out) to other parties, 2. assets where AET has minority equity ownership and no control, and 3. upstream leased assets (in-chartered) with a lease term of six months or more. We expect to complete the estimation of our remaining material Scope 3 categories in 2022.

Carbon Intensity Targets for Shipping Operations

Scope (boundary)	Vessels owned or leased where AET has the full authority to introduce its operational and HSE policies and are subjected to the GHG requirements of MARPOL Annex VI
Base Year	2008
Target Type	CO_2e intensity
Measurement Metric	$AERCO_2e$ (gCO_2e/t-nm)
Commitment Period	2030
Target Level (reduction from base year)	$AERCO_2e$: 40%
Scope (boundary)	All GHG: • Carbon Dioxide (CO_2) • Methane (CH_4) • Nitrous Oxide (N_2O)

Commitment to Net-Zero GHG Emissions by 2050

Scope (boundary)	All GHG: • Carbon Dioxide (CO_2) • Methane (CH_4) • Nitrous Oxide (N_2O)
Scope	AET's Value Chain: • AET's operations (Scope 1 and Scope 2) • Material upstream and downstream operations (Scope 3)
Measurement Metric	Total GHG in CO_2e
Commitment Period	2050

FUTURE ACTIVITIES

AET plans to strengthen the management of climate-related risks in response to the TCFD recommendations. Moving forward, the integration of climate-related risks into AET's existing risk management process will be enhanced.

- In 2022, AET will explore the adoption of internal carbon pricing in our decision-making process as well as collate financial climate-related indicators that can better quantify our risks and opportunities.
- We will actively promote low-carbon asset solutions to our customers. AET will engage with customers, suppliers and other stakeholders throughout the value chain to strive for a mutual understanding of our approach to addressing climate change.
- We will continue to enhance the provision of consistent and transparent annual disclosures to our stakeholders in line with the TCFD recommendations.