


TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The impact of climate change on businesses and society is undeniable. As a responsible and forward-thinking organisation, we are committed to managing climate risks and supporting the transition to a low-carbon economy. We believe that effective climate risk management is essential not only for the long-term success of our business, but also for the health and resilience of the global economy and of society as a whole.

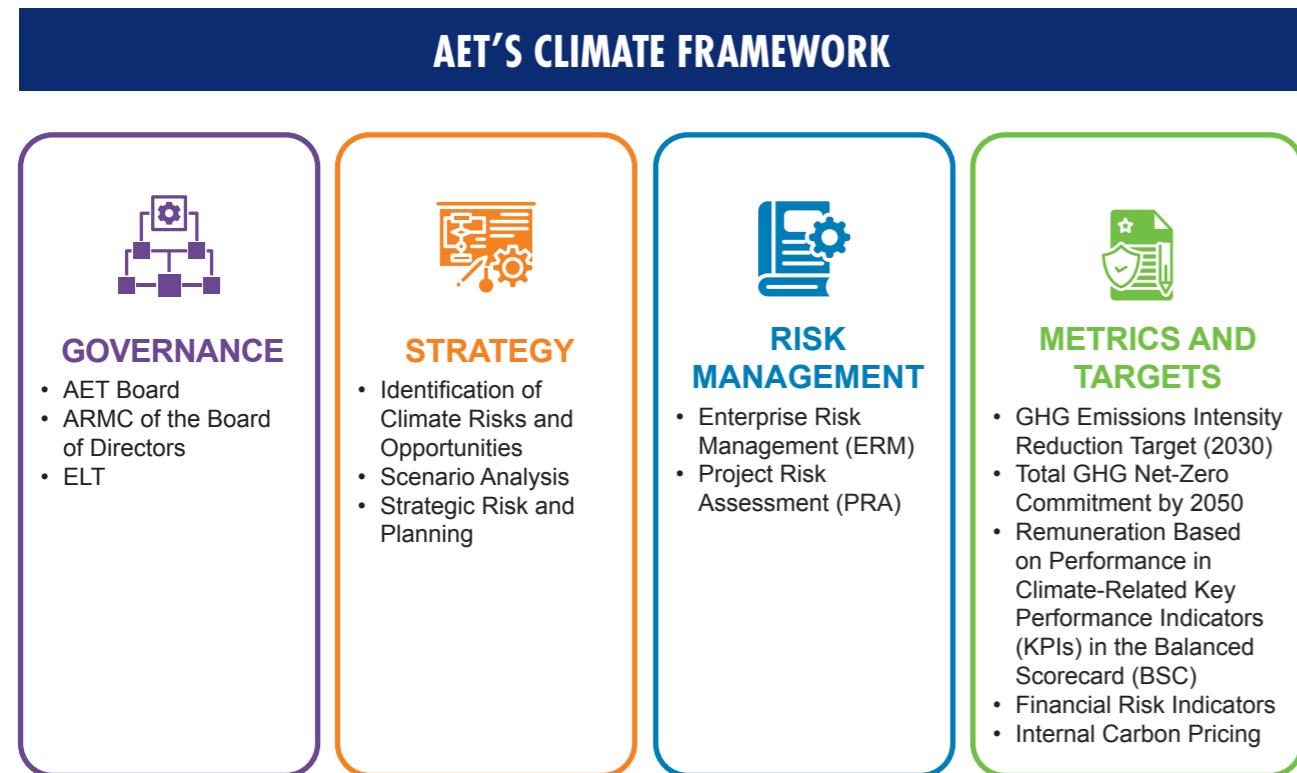
Propelled by this commitment, we have identified the risks and opportunities that climate change presents for our organisation and have taken action to reduce GHG emissions, enhance climate-related governance and risk management and seize emerging opportunities in the low-carbon economy.

In 2021, in a significant step forward, we adopted the TCFD framework and issued an inaugural climate report that is aligned with TCFD recommendations.

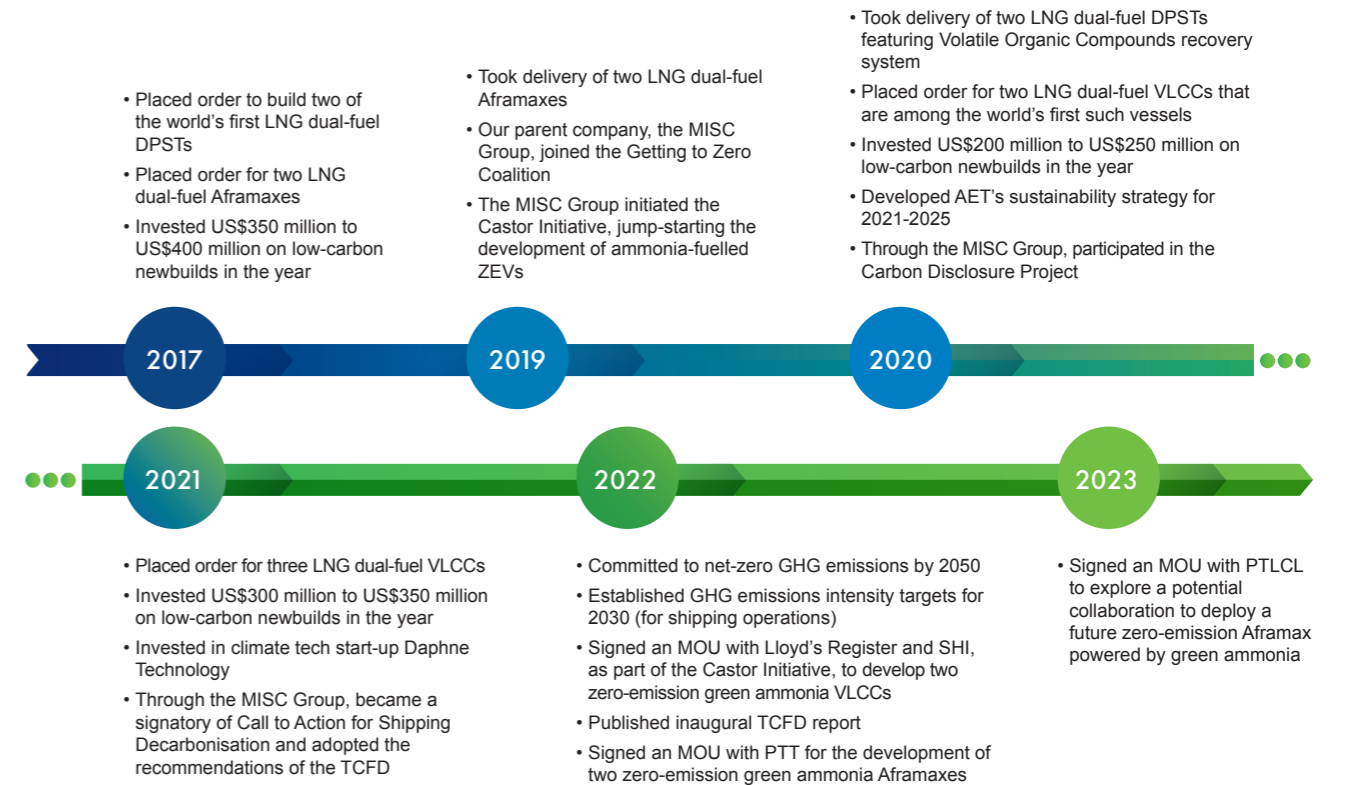
In this second TCFD edition, we continue to build on our disclosures on our climate change strategy, plans and performance. With this report, we aim to provide our stakeholders with transparent and reliable information on our climate-related risks and opportunities as well as our strategies for managing them.

 This report should be read alongside the Environment Pillar of our Sustainability Strategy (see pages 88-95).

AET'S CLIMATE FRAMEWORK



TIMELINE OF AET'S CLIMATE ACTIONS



GOVERNANCE

AET takes a multi-layered approach to managing climate-related risks. The AET Board constitutes the top layer. The Board is responsible for overseeing the evaluation and integration of climate-related risks and opportunities throughout the organisation. This includes overseeing the realisation of the 2030 GHG emissions intensity target and the 2050 GHG net-zero commitment as well as endorsing the materiality matrix, which includes climate-related topics. The Board also regularly reviews the progress AET is making in meeting its climate commitments and executing its strategy.

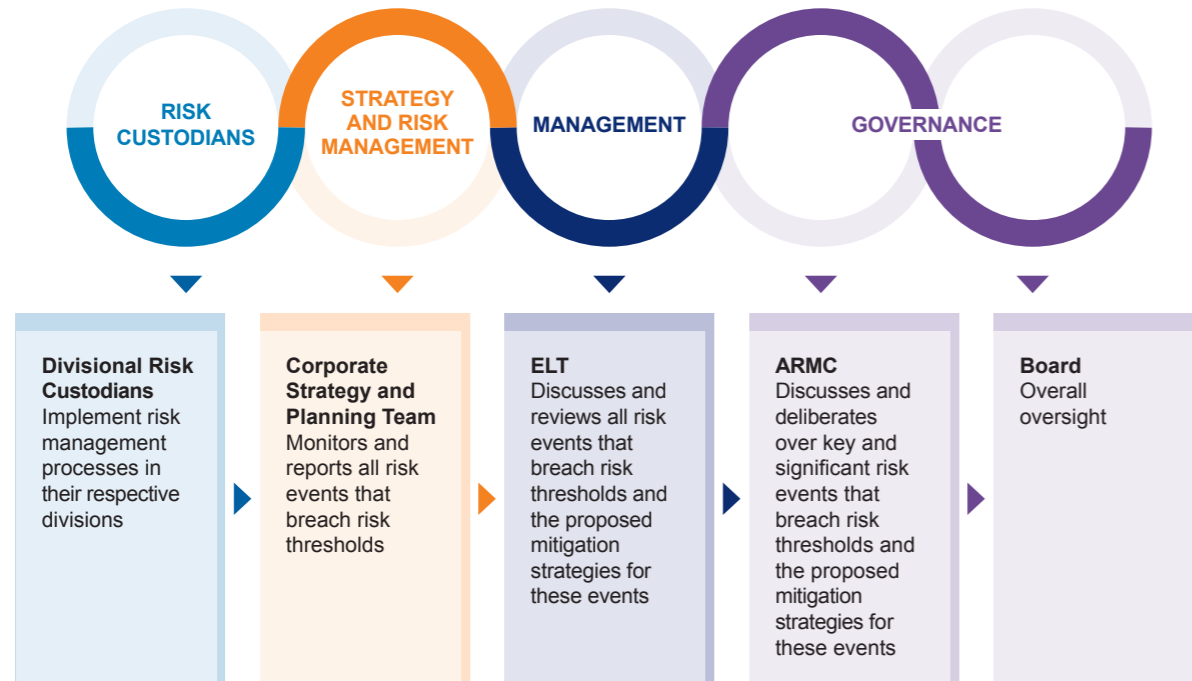
The ARMC forms the second layer. The Committee performs oversight of AET's risk management framework and reviews AET's key risk policies and practices, including those related to climate-related risks. To support the Committee in carrying out its role, the management provides the committee with quarterly risk reports on significant risk events that breach predetermined risk thresholds.

The management, represented by the ELT, makes up the third layer. The ELT is responsible for reviewing and providing guidance on the organisation's HSSE matters and sustainability-related activities and goals. The Team meets on a regular basis to discuss HSSE matters and review AET's progress towards meeting its 2030 GHG emissions intensity target and net-zero GHG emissions by 2050 commitment. The Team also reviews all risk events that breach predetermined risk thresholds along with the proposed mitigation strategies for these events.

Lastly, the Corporate Strategy and Planning Team is responsible for undertaking risk management activities as part of AET's ERM process. Working with various stakeholders including CHSSE, the commercial teams and the ship managers, the Corporate Strategy and Planning Team carries out the identification, assessment, evaluation, management, reporting and monitoring of climate-related risks.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

AET'S RISK OVERSIGHT STRUCTURE



BOARD OVERSIGHT

The AET Board of Directors has overall responsibility for overseeing risk management. The ARMC assists the Board in overseeing and reviewing enterprise, financial and other risks — including those related to climate change and other sustainability risks — that may have a material impact on AET's performance.

In 2022, the Committee reviewed and discussed the incorporation of ESG considerations into AET's ERM process and regulatory risks relating to emissions from AET's assets. Specifically, the Committee reviewed new regulatory requirements that came into effect in 2023 including the EEXI and CII regulations. The Committee also discussed AET's progress in meeting these requirements and possible strategies to support compliance. Additionally in 2023, the Board reviewed and approved the updated materiality matrix, which includes climate-related topics. AET utilises the materiality matrix to identify and prioritise issues that impact its ability to create value over the short, medium and long term. The Board's oversight of the material topics ensures that AET's strategic priorities continue to address the most relevant and significant issues facing the organisation.



MANAGEMENT OVERSIGHT

The ELT, led by the AET President & CEO, guides the organisation in identifying, measuring and assessing AET's climate-related risks and opportunities and ensures that the organisation continues to act in line with the organisation's sustainability strategy.

In carrying out this function, the ELT is supported by the extended AET leadership and their respective teams with dedicated business, functional and operational expertise on matters relating to risk, strategy and planning and on all matters affected by climate-related risks and opportunities such as new markets and health, safety and environmental regulations.

As part of its quarterly risk scorecard review, the Corporate Strategy and Planning Division at AET also conducts regular assessments of the organisation's exposure to climate risks. This involves a comprehensive analysis of all key risk indicators and all instances of breach of risk thresholds, which it then reports to the ELT along with proposals for risk mitigation. Assessment of risks linked to future emissions regulations is an ongoing affair given the evolving regulatory environment in which we operate.

Finally, the ELT is also supported by the CHSSE and Sustainability team in the task of monitoring our fleet's carbon reduction performance against our carbon emission targets and environmental compliance requirements.

TRAINING

To keep abreast of the latest global trends and risk mitigation strategies for climate change, the Board and members of the ELT participated in climate change workshops and seminars during the year. In 2022, the Board and the ELT participated in the MISC Group's Annual Planning Market Outlook Series 2022. This planning event touched on topics such as the oil and tanker market outlook, energy transition, the future of seafarers in a decade of transformation, offshore wind and renewables market development, ship trends and technology developments.

STRATEGY

In a reflection of our commitment to the triple bottom line of people, planet and profit, our decarbonisation strategy is centred on meeting the increasing energy shipping demands of the world while protecting the environment and ensuring stable shareholder returns. We have established short-, medium- and long-term timelines that set out our expected progress in achieving these goals. We also developed strategies to ensure we meet these targets in our decarbonisation journey.

To ensure effective implementation and monitoring of AET's strategy, the AET Board and ELT assess climate-related risks and opportunities across three time horizons.

SHORT-TERM (ST): TO 2025

defined by our financial and business plan targets

MEDIUM-TERM (MT): TO 2030

defined by our strategic priorities, regulatory landscape and 2030 GHG emissions intensity goal

LONG-TERM (LT): TO 2050

defined by our 2050 GHG emissions commitment as well as the two scenarios based on Representative Concentration Pathway (RCP) of 2.6 and RCP of 8.5, which take into account critical uncertainties around the demand for energy and the energy transition process

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

SCENARIO ANALYSIS

To develop a comprehensive understanding of political, business and social responses to climate change and their impact on global carbon budgets, emissions pathways and climate-related effects, we have conducted a climate analysis and developed a set of future scenarios. Our scenarios are based on the RCP Scenarios of 2.6 and 8.5 and take into consideration five key driving forces: environmental, political and legal, technological, market and evolving societal values. The RCP scenarios are a set of four GHG concentration trajectories developed by the IPCC that provide a range of possible outcomes for future climate change, based on different assumptions about future GHG emissions and other factors.

CLIMATE SCENARIOS AND HIGHLIGHTS






AET's Climate Scenarios	Description	CO ₂ Concentration in year 2100	Scenario Highlights
Scenario 1	In line with a projected 1.5°C rise in global warming as per RCP 2.6 scenario	421ppm	This is a low radiative forcing scenario that assumes a significant and sustained reduction in global GHG emissions. It projects a peak in CO ₂ emissions by the mid-21st century, followed by a decline to near-zero levels by the end of the century. It also assumes aggressive deployment of renewable energy, CCS and other technologies that limit GHG emissions. Based on these assumptions, RCP 2.6 projects a global mean temperature increase of 1.5°C above pre-industrial levels by 2100, which is consistent with the Paris Agreement's goal of limiting global warming to well below 2°C.
Scenario 2	In line with a projected 4°C rise in global warming as per RCP 8.5 scenario	936ppm	This is a high radiative forcing scenario that assumes continued growth in GHG emissions throughout the 21st century. It projects a tripling of atmospheric CO ₂ concentration by 2100, compared to pre-industrial levels. It assumes little or no climate mitigation effort and a continued reliance on fossil fuels for energy production. Based on these assumptions, RCP 8.5 projects a global mean temperature increase of 4°C above pre-industrial levels by 2100, with significant impact on the global climate system, including more frequent and severe heatwaves, droughts, floods and storms.

The IPCC has declared that limiting global warming to 1.5°C is crucial to avoid catastrophic impact from climate change. Achieving this goal would require aggressive action to limit climate change. AET has considered the 1.5°C scenario to understand how it would fare in a low-carbon transition pathway. For AET, transition risks are highest while physical risks are lowest in a 1.5°C scenario compared to scenarios where the global temperature rise exceeds this level.

In a “business-as-usual” scenario, where the global temperature rises by 4°C, AET may face fewer transition risks but more physical risks, such as those resulting from rising sea levels and extreme weather events.

AET's climate risk assessment and scenario analyses indicate that the physical and transition risks of climate change are material to its operations in the medium to long term. However, AET expects the impact of climate change to be systemic and that the transition to a decarbonised global economy will provide growth opportunities across all industries. Therefore, AET is committed to enterprise-wide actions to address the identified climate risks and opportunities.

KEY DRIVING FORCES AND TRENDS UNDER EACH SCENARIO

Driving Forces	Scenario 1 (In line with a 1.5°C warmer world) Main global trends 2050	Scenario 2 (In line with a 4°C warmer world) Main global trends 2050
 Physical	<ul style="list-style-type: none"> Sea level rise already occurring Changes in sea wave patterns Extreme weather effects on infrastructure and communities 	<ul style="list-style-type: none"> Sea level rise will accelerate Increased risk in the absence of mitigation measures Unpredictable sea wave patterns Greater frequency and greater impact of extreme weather events
 Regulatory	<ul style="list-style-type: none"> More stringent regulatory landscape featuring ambitious policies to support net-zero transition Government incentives and collaboration Prevalence of carbon pricing Amendments to legal frameworks and acts Changes to industry environmental standards 	<ul style="list-style-type: none"> Less stringent regulatory landscape with lower ambition for emissions reductions and carbon removal efforts Slower switch to renewables Carbon pricing not broadly adopted and pegged at lower prices Large gaps between environmental standards and requirements
 Technology	<ul style="list-style-type: none"> Renewable and low-carbon fuel developments Collaborations and investments increasing AI and blockchain may play a significant role in optimising ship operations and reducing fuel consumption and carbon emissions 	<ul style="list-style-type: none"> Focus on process efficiency with slower adoption of best-performing technologies Less focus on decarbonisation and more focus on adapting to the impact of climate change such as sea level rises, changes in ocean currents and extreme weather events
 Market	<ul style="list-style-type: none"> The global demand for crude oil is expected to decline with the shift towards lower-carbon energy sources Increased pressure to reduce GHG emissions and adopt more sustainable practices, such as using low-carbon fuels or investing in CCS technologies 	<ul style="list-style-type: none"> Slower adoption of renewable energy The shipping industry will experience volatile and unpredictable market conditions
 Reputational and Social	<ul style="list-style-type: none"> Greater transparency around emissions reporting, calls for stronger emissions reduction targets and increased scrutiny of supply chain emissions 	<ul style="list-style-type: none"> Increased pressure placed on companies to urgently manage the aftermaths of climate change

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

CLIMATE-RELATED RISKS AND OPPORTUNITIES

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

Potential Risks	Impact on Business, Strategy and Financial Planning	Opportunities	Management Approach	ST	MT	LT
Physical						
Increase in extreme wind and precipitation (acute)	<ul style="list-style-type: none"> Increased asset maintenance cost and capital expenditure (CAPEX) to withstand extreme weather events Disruption to operations Increased risk of damage to assets and injury to personnel 	<ul style="list-style-type: none"> Increased collaboration across supply chains Increased Research and Development (R&D) on ship designs that can withstand extreme weather events and climate-related risks 	<p>AET continues to improve the specifications of its newbuild vessels to address acute physical risks:</p> <ul style="list-style-type: none"> stringent safety controls have been applied to vessel navigation systems 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 <p>A CMP has been implemented to coordinate AET’s response in crises and incidents. Under the plan:</p> <ul style="list-style-type: none"> a CMT was appointed to identify, evaluate and 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 <p>As the conditions and severity of physical risks may change over time, from 2023, physical risk indicators and signposts will be formulated as part of AET’s business resilience strategy</p>			●
Rising sea levels (chronic)	<ul style="list-style-type: none"> Increased cost from operational delays and disruptions Disruption in trading routes, port operations and related infrastructure due to submergence, coastal flooding and coastal erosion 					●
Transition						
Regulatory Increasingly stringent environmental/ carbon policies and legislation	<ul style="list-style-type: none"> Higher CAPEX and OPEX due to the cost of implementing compliance measures Increased cost of borrowing and reduced capital availability Decreased asset value and risk of stranded assets 	<ul style="list-style-type: none"> Higher market differentiation for owners of low-carbon assets New and/or expanded business segments related to new asset classes or vessel types Increased demand for low-carbon or regulation-compliant assets 	<p>We continue to proactively keep pace with maritime legislation and the unilateral decisions of maritime nations.</p> <ul style="list-style-type: none"> Starting 2022, following the findings of our risk analyses, “failure to meet regulatory expectations on environmental impact, including climate change” is managed as a standalone risk in the enterprise risk management risk register IMO regulations and guidelines will serve to steer us in our journey to zero-emission. We have developed an EEXI and CII execution plan to ensure success in realising net-zero Our vessel fleet will be continuously evaluated and right sized to ensure that when underperforming ships are sold or monetised, the proceeds are funnelled into investments in newer and greener assets 	●	●	
Technology Emergence of new technologies that will be deployed in low-carbon solutions	<ul style="list-style-type: none"> Higher R&D cost for products and technologies that generate renewable energy and reduce carbon emissions New or modified assets or services proving more difficult or costly to develop 	<ul style="list-style-type: none"> Increased annual savings from energy-efficient technologies and reduced energy consumption Increased funding/incentives from financial providers for first movers in developing and adopting new technologies 	<p>AET continues to invest in new technologies to improve the design and energy efficiency of its vessels. Its investments include:</p> <ul style="list-style-type: none"> incorporating LNG dual-fuel systems in vessels retrofitting existing vessels with green technologies to improve energy efficiency and reduce emissions investing in strategic GHG abatement technologies signing an MOU in April 2022 with Lloyd’s Register and SHI, as part of the Castor Initiative, to develop and construct two ammonia dual-fuel zero-emission VLCCs that will be owned and operated by AET signing an MOU in September 2022 with Thai national energy company PTT to develop and build two zero-emission Aframax powered by green ammonia signing an MOU in February 2023 with PTLCL to explore a potential collaboration to deploy a zero-emission Aframax in the future <p>📄 For more details, please refer to the chapter “Our Investments in Sustainable Shipping” on pages 36-37 of this publication</p>	●	●	
Training for the right expertise and skills required to manage new technology	<ul style="list-style-type: none"> Increased cost of upskilling existing workforce and acquiring new talents to manage new technologies 	<ul style="list-style-type: none"> Standing as a climate leader enhances ability to attract talent 		●	●	
Market Shift in customer expectations	<ul style="list-style-type: none"> Reduced demand for conventional assets due to energy transition 	<ul style="list-style-type: none"> 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 	<p>📄 For more details, please refer to the section “Our Climate Strategy” on pages 82-83 of this publication</p>			●
Changing expectations of capital providers						●
Market interest pivots towards a low-carbon economy						●
Reputational and Social Stakeholder pressure to reduce value chain emissions	<ul style="list-style-type: none"> Reputational damage associated with climate risks 	<ul style="list-style-type: none"> Stewardship position to drive advancements in decarbonisation technology 	<p>AET is leading advocacy campaigns for policies that support a net-zero future and has put in place measures to reduce its reputational risks, including:</p> <ul style="list-style-type: none"> setting goals to reduce GHG emissions intensity in its fleet operations by 2030 committing to net-zero GHG emissions by 2050 proactively communicating its sustainability efforts and achievements to internal and external stakeholders stepping up disclosures and transparency on sustainability-related outcomes — both positive and negative — in its operations investing in dual-fuel systems that emit less carbon sponsoring cadets at ALAM for training in crewing technologically advanced lower-carbon ships such as AET’s dual-fuel Aframaxes and VLCCs 	●	●	●
Talent retention and attraction	<ul style="list-style-type: none"> Organisations that choose the “business as usual” route are less able to attract talent 	<ul style="list-style-type: none"> Improved ability to attract and retain talent as an advocate of a low-carbon future 		●	●	●

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

OUR CLIMATE STRATEGY

There is no doubt the world's dependence on fossil fuels will decrease over time. Nonetheless, while the exact path to a new energy system remains unclear, one thing is certain: oil and gas will continue to co-exist alongside renewable energy sources for the foreseeable future. Our strategy to navigate this complex and evolving energy landscape is to organise our business and assets into three distinct pillars — Conventional, Transition and New Business — that will help us continue to grow our business through the energy transition.

The Conventional pillar of our strategy is focused on our conventional assets that are powered by single fuel systems. For this pillar, our efforts are primarily aimed at reducing emissions through technical and operational means, while ensuring the profitability of our existing business.

Meanwhile the Transition pillar focuses on our portfolio of dual-fuel assets. This pillar allows us to transition towards a more sustainable and diversified fleet portfolio. It serves as a bridge between our conventional and new energy businesses, enabling us to gradually reduce our reliance on fossil fuels while still meeting the growing demand for energy.

Our third pillar focuses entirely on new energy businesses, including renewable energy sources and other emerging technologies. By investing in this pillar, we're positioning ourselves at the forefront of the energy transition, allowing us to capture opportunities in the rapidly growing renewable energy market.

The three pillars work together in a coordinated and strategic manner, handing us the flexibility and resilience needed to adapt to a rapidly changing energy landscape. This strategic approach helps us mitigate risks associated with climate change and evolving energy policies, while also allowing us to capitalise on emerging trends and technologies. Ultimately, our three-pillar strategy is a comprehensive approach that enables us to balance profitability and sustainability while maintaining a competitive edge in the energy shipping industry.

AET supports the goals of the Paris Agreement. Core to our climate strategy is the path we are taking to net-zero. We have committed to achieve net-zero GHG emissions across all scopes by 2050, in line with the goal set out in the Paris Agreement. Our interim target is to reduce our shipping GHG emissions intensity by 40% by 2030, compared to our 2008 baseline.

To achieve these targets and for our operations grouped under the Conventional and Transition pillars, our primary objective is to reduce absolute emissions through a

variety of initiatives, including portfolio management, energy efficiency, carbon capture and the implementation of technologies that have the lowest environmental impact. We have taken a well-considered approach and formalised our commitment to decarbonisation, prioritising initiatives that are both safe and viable for trial and implementation. These initiatives include our focus on carbon capture technology, alternative engine retrofits, zero-emission fuels and biofuels. Specifically, we believe that carbon removal technology and solutions will play a significant role in addressing the climate challenge.

The Technical Summary of the IPCC Working Group III Sixth Assessment Report highlighted that current climate pledges at the country level remain inadequate to realise a temperature trajectory that would limit warming to no more than 1.5°C (and are minimally compliant with a likely chance to limit warming to no more than 2°C). The report also mentioned that CO₂ removal mechanisms, which can remove and durably store CO₂, are now necessary in order to meet global climate goals. Starting 2030, we plan to use high-quality carbon offsets to neutralise residual emissions. Carbon offsets or neutralisation of the residual emissions means that every tonne in the remaining GHG emissions from our operations will be matched with an equal amount of high-quality carbon removals. We intend to be judicious in our selection of carbon removal projects, investing only in nature-based sequestration projects involving the conservation, restoration or rehabilitation of natural ecosystems. By supporting high-quality carbon projects, we will be able to make a positive contribution to fighting climate change and support efforts to realise the Paris Agreement. That said, reducing our Scope 1 emissions remains our first and most immediate priority, even as we work towards the long-term commitment of reducing our emissions to near zero by 2050.

In 2022, the MISC Group formed a task force to evaluate carbon capture utilisation and storage solutions. Following this, in January 2023, MISC signed an MOU with Mitsui & Co., SHI and ANDRITZ to explore opportunities in CCS solutions for deployment along the maritime value chain. The parties will be looking into identifying storage hubs and developing floating solutions and carbon capture parts and equipment. Additionally, the MISC Group has also formed a New Energy and Decarbonisation unit to strategise the Group's decarbonisation pathway for achieving its reduction target by 2030 and its net-zero commitment target by 2050. The unit will also drive the development and commercialisation of clean energy solutions across the Group to ensure the Group's sustainable growth and profitability.

Our Commitments

We make clear what we stand for in environmental stewardship with the following commitments:

- Where safe and viable, we will trial and use carbon capture technology, alternative fuel engine retrofits, zero-emission fuels and biofuels (where their use reduces aggregate emission)
- Going forward, we will neither build conventional single-fuel vessels nor own, charter-in and/or operate assets fitted with SOx scrubbers

RISK MANAGEMENT

Climate change poses both strategic and operational risks for AET. These risks include financial risks as a result of stranded assets caused by the transition to a low-carbon economy, disruption of business activities and damage to our assets and infrastructure due to extreme weather events and loss of livelihoods. In line with the TCFD framework, we group climate-related risks into two primary categories: (i) transition risks, or those related to the challenges of transitioning to a low-carbon economy and (ii) physical risks, or those related to the impact of climate change. Within these two risk categories, we have identified nine key risk events. The table below describes the risks associated with these risk events and indicates the impact that climate drivers can have on them.

DEFINING CLIMATE-RELATED RISKS AND CLIMATE DRIVERS

Nine Threats Identified	Risk Description	Climate Drivers
Physical		
R1. Increase in extreme wind and precipitation (acute)	• External events causing loss due to inadequate assets and infrastructure or a failure in internal processes or systems	• Climate drivers can lead to natural phenomena and weather patterns that can cause physical damage to assets, infrastructure and communities causing disruption to our business operation
R2. Sea level rise (chronic)		
Regulatory		
R3. Increasingly stringent environmental/carbon policies and legislation	• Risk to current or future financial position and resiliency arising from violations of laws, rules or regulations, or from non-conformance with prescribed practices, internal policies and procedures or ethical standards	• Climate drivers can lead to tighter regulatory requirements, increasing the likelihood of non-compliance. This could result in fines, penalties, payment of damages and the voiding of contracts.
Technology		
R4. Emergence of new technologies for low-carbon solutions	• Risk to current or future financial position and resiliency arising from either the adoption of energy-intensive engine technology or the insufficient development of zero-emission engines	• Climate drivers can have a negative impact on demand for our assets as a result of increasing preference for low-carbon products. We may need to make strategic shifts.
R5. Training needed to equip workforce with the right expertise and skills		
Market		
R6. Shift in customer and market expectations	• Risks to current or anticipated earnings, capital or enterprise value arising from reduced demand for our assets, an inability to adapt to changes in the operating environment (such as economic, regulatory/legislative and competitive landscapes), or other external factors that may impair our ability to execute a business strategy	• Climate drivers can have an impact on the AET ecosystem comprising suppliers, customers, competitors, shareholder and society, as a result of changing economic conditions, changes to regulations, preference for low-carbon products and legal action. AET may need to make strategic shifts.
R7. Changing expectations of capital providers		
Reputational and Social		
R8. Stakeholder pressure to reduce value chain emissions	• Risk to current or future financial position and resiliency arising from negative public opinion	• Climate drivers can increase reputational risk if we are perceived to be not meeting our climate-related commitments, not transparent enough or not making enough progress on our climate-related commitments
R9. Talent retention and attraction		

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

These risks events can manifest differently across the two scenarios of 1.5°C and 4°C. The table below highlights the initial climate risk heatmaps for these nine categories of physical and transition risks across the two scenarios.

INITIAL RISK CLASSIFICATION ACROSS THE TWO SCENARIOS OF 1.5°C AND 4°C

Nine Threats Identified	Scenario 1 <i>(In line with a 1.5°C warmer world)</i> Main global trends 2050 and Initial Risk Classification	Scenario 2 <i>(In line with a 4°C warmer world)</i> Main global trends 2050 and Initial Risk Classification
	Physical	
R1. Increase in extreme wind and precipitation (acute)	●	●
R2. Sea level rise (chronic)	●	●
Regulatory		
R3. Increasingly stringent environmental/ carbon policies and legislation	●	●
Technology		
R4. Emergence of new technologies for low-carbon solutions	●	●
R5. Training needed to equip workforce with the right expertise and skills	●	●
Market		
R6. Shift in customer and market expectations	●	●
R7. Changing expectations of capital providers	●	●
Reputational and Social		
R8. Stakeholder pressure to reduce value chain emissions	●	●
R9. Talent retention and attraction	●	●

- Low chance of occurrence with a low to moderate impact on AET's objectives
- Likely to occur but with either a low to moderate impact on AET's objectives or low chance of occurrence with a major impact on AET's objectives
- Likely to occur with a major impact on AET's objectives





OUR APPROACH TO MANAGING CLIMATE-RELATED RISKS

AET takes a proactive approach to addressing climate change and the accompanying opportunities and risks.

We focus on capturing growth opportunities by investing in fleet rejuvenation in dual-fuel assets, maximising energy efficiency and focusing on our third pillar of New Energy Business. Through these strategies, we not only strengthen our resilience against risk but also future-proof our business and bolster our long-term financial sustainability.

To ensure we are climate resilient, we are pursuing solutions in design, operation, response and collaboration across our operation and value chain. We are incorporating climate data and projections into our decision-making processes, implementing adaptive management strategies, investing in infrastructure and technologies that can withstand extreme weather events and fostering partnerships with government agencies, non-governmental organisations, communities and other key players in the climate resilience ecosystem. By working together with like-minded partners and taking a proactive approach, we are better prepared for the challenges posed by climate change.

OUR APPROACH TO RISK MITIGATION AND MANAGEMENT

 Design	 Operations	 Response	 Collaborate
<ul style="list-style-type: none"> Adopt latest design guidelines to future-proof our assets Model and analyse various climate scenarios to plan for new assets Build sufficient redundancy across our business operation 	<ul style="list-style-type: none"> Ensure all our assets are EEXI-compliant Achieve operational improvement to ensure compliance to CII requirements, for example through optimal weather routing and timely ship maintenance and hull cleaning Apply computational fluid dynamics to evaluate the feasibility of vessel-specific technical solutions Monitor ship performance and energy consumption trends, and schedule timely maintenance and hull cleaning to stay CII compliant Regularly update and test business continuity plans 	<ul style="list-style-type: none"> We have a ready-to-deploy CMP for crises and unexpected incidents We are building our GHG emissions inventory (including all scopes) and conducting scenario modelling to understand the challenges that climate change presents, so that we are better able to mitigate any negative impact on our business and remain resilient 	<ul style="list-style-type: none"> Partner relevant organisations for research and collaboration in areas such as better vessel design and ZEVs Take on the role of climate champion for strengthening climate resilience Communicate vital information to our stakeholders transparently by disclosing climate-related information in AET Connects to underscore our commitment to openness and accountability

We have expanded the scope of our risk management to include climate-related key risk indicators in the enterprise risk register. We have also incorporated the climate scenario analysis process into our annual strategic planning exercise. As part of risk management, during the year we developed an Internal Carbon Pricing framework to assess the viability of our investments. As a first step, we incorporated internal carbon pricing in our PRAs for CAPEX projects that are energy intensive, as GHG emissions is a material topic for AET. Going forward we will be incorporating internal carbon pricing in Financial Investment Decision sensitivity analysis, to incentivise investments in energy efficiency and low-carbon innovations. This will improve our resilience to climate-related regulations and market-based carbon pricing mechanisms.

Our GHG emissions performance and intensity reduction against strategic targets are already included and tracked as part of AET's BSC. Since 2022, climate-related risks and opportunities are taken into consideration in our PRAs, where climate-related risks are assessed both quantitatively and qualitatively.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

METRICS AND TARGETS

The principal metrics we use to monitor our progress in meeting our GHG emission goals (Scope 1, Scope 2 and Scope 3 emissions) are disclosed in the section “Towards Decarbonisation” found on pages 88-91.

Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 GHG emissions and related risks.	Scope 1 and Scope 2 are disclosed on page 95 Scope 3 (categories on page 89) TCFD risks are described in the Strategy section on pages 80-81 Risk factors are described on page 83
Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets.	AET’s GHG organisational boundary adopts the GHG Protocol Corporate Standard’s financial control approach. In accordance with MISC Group’s revised GHG organisational boundary definition, AET’s GHG inventory (Scope 1 and Scope 2) includes emissions from all assets/facilities owned or leased by the organisation to gain economic benefits. The adopted approach excludes emissions from the following assets/facilities: <ul style="list-style-type: none"> • Downstream leased assets where AET has no control; • Assets where AET has minority equity ownership and no control; • Upstream leased assets where AET has no control; and • Assets on short-term leases of six months or less. <p>The above listed assets and operations will be included in our Scope 3 GHG emission (where material).</p> <p>The following gases are included in our GHG accounting:</p> <ul style="list-style-type: none"> • Carbon dioxide (CO₂); • Methane (CH₄); and • Nitrous Oxide (N₂O).

CARBON INTENSITY TARGETS FOR SHIPPING OPERATIONS

Scope (boundary)	<ul style="list-style-type: none"> • Fleet that falls within AET’s GHG Organisational Boundary (Financial Control) • Ships not subjected to the requirements of Regulations 21 and 25 of MARPOL Annex VI are excluded
Base Year	2008
Target Type	Carbon Dioxide Equivalent (CO ₂ e) intensity
Measurement Metric	AERCO ₂ e (gCO ₂ e/t-nm)
Commitment Period	2030
Target Level (reduction from base year)	AERCO ₂ e: 40%
Scope (boundary)	All GHG: <ul style="list-style-type: none"> • Carbon Dioxide (CO₂) • Methane (CH₄) • Nitrous Oxide (N₂O)

COMMITMENT TO NET-ZERO GHG EMISSIONS BY 2050

Scope (boundary)	AET’s Value Chain: <ul style="list-style-type: none"> • AET’s operations (Scope 1 and Scope 2) • Material upstream and downstream operations (Scope 3)
Scope (boundary)	All GHG: <ul style="list-style-type: none"> • Carbon Dioxide (CO₂) • Methane (CH₄) • Nitrous Oxide (N₂O)
Measurement Metric	Total GHG in CO ₂ e
Commitment Period	2050

MOVING FORWARD

Currently we are making progress in projecting monetary values and time horizons for climate change risks and opportunities. When completed, this analysis will be included in our future disclosures as we move towards quantitative disclosures on climate-related risks and opportunities.

At AET, we continue to build awareness and understanding of the opportunities and risks related to climate change. Moving ahead we will continue to actively promote low-carbon asset solutions to our customers. We will also continue to engage closely with our customers, suppliers and other stakeholders throughout our value chain to arrive at a unified approach to address climate change. In addition, we will seek to advance further in providing consistent and transparent annual disclosures to our stakeholders, in line with TCFD recommendations.

