SUSTAINABILITY PILLAR

FINANCIAL

# **Financial Growth Plan and Governance Framework**



### Why It Matters



A strong foundation in financial management and industry expertise backed by targeted innovation enables us to remain resilient through market cycles and to seize emerging opportunities. This underpins our long-term financial performance and reinforces the value we deliver to our customers and our shareholder.

We aim to deliver on the goals of our Energy Transition Strategy by developing robust financial plans, ensuring disciplined financial management, and investing in the capabilities and technologies that will drive future growth.

• Developing robust financial plans

How We Are Realising

- Implementing strong financial
- governance

Our Ambition

Investing in innovation

### **Our Commitments and Performance**

AET's financial commitments and performance are discussed in the "Financial Performance" chapter.

**Our Contribution** to the UNSDGs



### **Our Approach**

As a leading tanker owner and operator, we have a fiduciary duty to our shareholder, MISC Berhad, to maintain our financial performance while taking appropriate levels of risk. As an employer across multiple global locations, we have a responsibility to our employees to provide secure employment based on our financial strength while considering prevailing market conditions. Our financial strength also enables us to offer innovative solutions, such as dual-fuel vessels, that directly benefit our customers. Finally, there are many other stakeholder groups that are indirectly supported by our performance including suppliers, industry groups and local communities. To ensure our continued success, we focus on robust financial planning, strong financial governance and strategic investment in innovation.

We recognise the importance of innovation in achieving continued business success over multiple time horizons. As set out in our Energy Transition Strategy, we see this coming from the low-carbon transport of conventional energy sources and New Energy businesses.

### **Developing Robust Financial Plans**

We develop a comprehensive five-year rolling business and financial growth plan each fiscal year for the long-term financial sustainability of our business. These plans serve as projections for our future operating revenue, business costs and cashflow position. They incorporate the latest research on global macro-economic conditions, our vessel market outlooks, competitors, regulatory changes, technology trends, and climate considerations. These are reviewed at several levels within the organisation before the approval by the Board. To support our financial planning in 2025, we are upgrading the enterprise resource system and associated processes to enhance transparency, alignment and agility within the organisation.

### **Implementing Strong Financial Governance**

Underpinning our financial planning process is the AET Corporate Financial Policy, which provides guidance and sets the standards for financial governance and decision-making. Our outstanding financial performance in 2024 can be attributed to several pivotal factors, notably our committed and proficient workforce, as well as financial planning supported by the implementation of strategic initiatives. See the "Financial Performance" chapter for more details. To ensure the continued resilience of our business, we prioritise financial prudence, strong cash management and access to various credit facilities. This enables AET to navigate market volatility and seize investment opportunities as they arise.

We recognise the importance of innovation in achieving continued business success over multiple time horizons. As set out in our Energy Transition Strategy in the short to medium term, we see our success coming firstly from the low-carbon transport of conventional energy sources. This is linked to our Resilient Core and Decarbonisation objectives. See the "Our Strategy" section for more details. To support this objective, we have made investments in dual-fuel vessels, innovative energy efficiency measures and provide our vessels to be a testbed for new technology solutions as detailed in the "Towards Decarbonisation" chapter. The second source of our success will come from our expansion into profitable New Energy businesses such as offshore wind, future fuels and carbon value chains. In 2024, our Business Development team pursued opportunities in New Energy value chains, and while they have yet to advance, the groundwork laid has sharpened our focus and improved our positioning for future opportunities. In 2025, we will continue to engage with a range of stakeholders as we pursue opportunities in this space.

AET Legal and Integrity, and Finance colleagues work closely to ensure our finance policies are implemented effectively

Sustainabi at AET

Supporting Information



Effective climate risk management is a top priority for AET. 2024 was the planet's hottest year on record, after a record year in 2023<sup>(1)</sup>, and we believe that individual companies have a role to play in slowing the pace of climate change while managing its impacts on their business for the benefit of all stakeholders. In accordance with this stance, we present AET's 2024 Climate-Related Financial Disclosures, our fourth such report since adopting the Taskforce for Climate-related Financial Disclosures (TCFD) framework in 2021.

As a shipowner, AET is exposed to a range of climate risks and opportunities. These include acute physical risks such as extreme weather events that can directly affect our vessels and onshore facilities. We are also exposed to chronic physical risks such as when sea level rise impacts existing port infrastructure, causing delays or changes to vessel operating routes.

There are also a range of transition risks and opportunities for shipowners that stem from changes in customer demand, regulation, society and technology. An example of an opportunity is global carbon pricing which may favour low-emission vessels. A key risk for shipowners transporting conventional energy is the switch to renewables reducing demand for conventional energy transport.

AET's Energy Transition Strategy including net-zero target and climate risk management are interconnected and designed to address these climate risks and opportunities. The Energy Transition Strategy focusses on how we will navigate the long-term opportunities arising from

climate change; for example expanding into New Energy businesses. While climate risk management focusses on identifying, measuring and managing climate-related risks in a range of scenarios.

This report, in line with the TCFD framework, explains how we have set up governance, strategy, risk management and metrics and targets to address the risks and opportunities of climate change. This report serves to help us realise our Energy Transition Strategy and 2050 net-zero goal, to position us at the forefront of sustainable practices in the shipping industry. As the TCFD framework is now integrated into the International Sustainability Standards Board (ISSB) standards we expect to align ourselves with the ISSB standards in future reporting.

### Governance

AET's approach to managing climate-related risks is multi-layered to ensure high levels of oversight. AET's Board constitutes the first layer and it is responsible for approving strategy and overseeing the evaluation and integration of climate-related risks and opportunities throughout the organisation. Management forms the second layer, responsible for overseeing strategy, and this is led by the Executive Leadership Team (ELT). Next, we have the key corporate functions which manage specific areas related to climate risk such as Strategy, Sustainability and Decarbonisation. Finally, we have supporting teams which provide support on specific risks and opportunities, called risk owners.

### **GOVERNANCE STRUCTURE**



### **Board Governance**

AET's Board assumes a primary role in setting AET's overall sustainability strategy and in endorsing all decisions related to sustainability. It has ultimate oversight of AET's approach to assessing, evaluating and integrating climaterelated risks and opportunities and AET's net-zero target, and decarbonisation plan. The Board then entrusts specific governance duties to the Audit, Risk and Sustainability Committee (ARSC), to aid the Board in fulfilling its obligations and responsibilities. The ARSC functions under a well-defined Terms of Reference (TOR), which includes reviewing AET's sustainability risk profile, sustainability strategy, governance structure, policies, processes, and practices, including climate-related risks and opportunities. To support the ARSC in carrying out its role, the management provides the committee with quarterly risk reports on significant risk events that breach predetermined risk thresholds.

The Board and ARSC take climate-related matters into account in the evaluation and development of strategy, significant action plans, ERM, annual budgets and business plans. They also establish objectives, and supervise implementation and performance, including oversight of major Capital Expenditures (CAPEX), acquisitions and divestitures.

	Q1 2024	Q2 2024	Q3 2024	Q4 2024	
ARSC	Risk Scorecard including sustainability	Scorecard• Risk Scorecard• Risk Scorecarddingincludingincludinginabilitysustainabilitysustainability	<ul> <li>Risk Scorecard including sustainability</li> </ul>	adership	
	<ul> <li>related risks</li> <li>Fleet decarbonisation performance</li> </ul>	<ul> <li>and climate- related risks</li> <li>Fleet decarbonisation performance</li> </ul>	<ul> <li>and climate- related risks</li> <li>Fleet decarbonisation performance</li> </ul>	<ul><li>related risks</li><li>Fleet</li><li>decarbonisation</li><li>performance</li></ul>	Performance
Board	<ul> <li>Fleet decarbonisation performance</li> <li>Future fuels engine readiness</li> <li>Opportunities in New Energy</li> </ul>	Sustainability performance update	• Business strategy plan	<ul> <li>Opportunities in New Energy</li> <li>Sustainability performance update</li> </ul>	at AET

### **Climate-Related Training Offered to Board Directors in 2024**

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**Our Business** 

Our Strategy

Supporting Information

### **CLIMATE-RELATED BOARD & ARSC ITEMS**

Pathways towards Decarbonisation Strategies and Sustainable Practices

- Overview of International Sustainability Standards Board (ISSB) S1 & S2
- Navigating Ammonia Low-Carbon Solutions

### **Management Governance**

AET President and CEO leads and chairs the ELT and is responsible for implementing the sustainability strategy and the company's climate targets, as well as for identifying and assessing risks (including those that are climate-related). The ELT meets quarterly to discuss key company issues, risk breaches (including breaches related to climate risk), proposed mitigations and other key sustainability topics. At each meeting, the ELT is updated both on the progress against climate and other strategic targets, and on the company's readiness for upcoming regulatory requirements (including climate regulations). In 2024, topics discussed by the ELT included AET's decarbonisation plan to 2030, progress on AET's sustainability performance, internal carbon pricing implementation progress and upcoming sustainabilityrelated regulatory requirements.

### **Key Corporate Functions**

Supporting the ELT in climate and business strategy development, risk management and performance reporting are several specialised corporate functions including:

- the Strategy function which develops five-year business strategy plans in close collaboration with the Sustainability function to align financial, strategic, operational and sustainability goals
- the Sustainability function which is responsible for developing enterprise sustainability strategy including net-zero strategy, performance improvement programmes and enterprise reporting. It also provides expert input on sustainability topics in business strategy, risk management and reporting.
- the ERM function which has responsibility for identifying, assessing, remediating and reporting all enterprise and major project risks, including climate-related risks
- the Corporate Planning function which owns internal performance reporting including the Balanced Scorecard process featuring KPIs on: business strategy execution, decarbonisation progress and other climate-related topics
- the Decarbonisation function which owns AET's Greenhouse Gas (GHG) emissions footprint, including data collection, execution of fleet GHG reduction plans and internal reporting

### **Risk Owners**

Risk owners have oversight of risks and opportunities within specific areas of the business. Examples include the Business Development function which looks into trends and opportunities aligned to New Energy businesses and the HR function which evaluates risks

associated with reskilling the workforce to manage the energy transition. They support the ERM function by providing expert input on how to identify and manage risks as well by updating the status of specific risk items for monitoring and mitigation.

### Strategy

Our governance structure is designed to integrate sustainability across all aspects of our business, including our strategy, business model and financial planning process. We develop strategy over two interdependent timeframes. Firstly, over a five-year timeframe which sets ambitious high-level direction for the organisation, then secondly, through an annual strategic planning cycle. Our risk management process is also aligned and connected to these processes, as outlined later in this chapter.

### **Five-Year Strategic Planning Cycle**

In our five-year planning cycle, we take a long-term view and incorporate the latest thinking on climate risks and opportunities based on updated climate scenarios, which are detailed later in this chapter. Our overarching business strategy is the AET Energy Transition Strategy, which is supported by and directly linked to our Sustainability Strategy and Tiered Decarbonisation Strategy.

The AET Energy Transition Strategy, outlined in the "Our Strategy" section of this report, is how we position ourselves in relation to the risks and opportunities of climate change. It consists of three pillars:

- 1 **Resilient Core**: Growing our core business while improving asset utilisation and efficiency to reduce risks around regulatory compliance to carbon emissions-specific regulation and customer requirements.
- 2. Profitable New Energy: Expanding into new service offerings in large and fast-growing segments such as offshore wind and other opportunities created directly out of the global response to climate change.
- 3. Decarbonisation: Reducing emissions from our operations, especially in our fleet, through a variety of technical and non-technical measures, in order to position us to take advantage of the demand for low-carbon shipping.

The Tiered Decarbonisation Strategy is focussed on the measures that will enable us to reduce emissions from our fleet of vessels (for details, see the "Towards Decarbonisation" chapter). This makes up 95% of our total emissions. It defines tiers of measures based on their technical and economic feasibility that will be incorporated over the next five years to 2030.

- Tier 1 (Foundational): measures that can be readily implemented in 2025 with well-established performance. These include energy audits, Mewis ducts, and propellor boss cap fins.
- Tier 2 (Advanced): measures that are widely adopted which offer novel approaches that may drive significant emissions reductions. These include: fuel cells and wind-assisted propulsion.
- Tier 3 (Transformational): measures that are still emerging, that focus on technologies such as dual-fuel ammonia engine retrofits.

In adopting a tiered approach, we are directly managing the technology, market and regulatory risks and opportunities that come with changing regulatory and customer dynamics.

Finally, our Sustainability Strategy 2021-2025, due to be refreshed in 2025 for the period 2026-2030, determines the most material sustainability topics for AET, as well as related targets and action plans. See the "Our Sustainability Strategy" chapter for details. It also evaluates the relationships between sustainability topics, for example, between decarbonisation and



our employee value proposition. This allows us to respond to these interrelated risks and opportunities, for example, by updating how we market our employee value proposition based on our leadership in decarbonisation in order to appeal to a range of prospective employee groups.

### **Annual Planning Cycle**

Supporting the five-year cycle is the annual planning cycle which is focussed on operationalising our strategy. At the beginning of each cycle, we use the latest inputs from climate scenarios to develop an External Environment Analysis which assesses the external market, macro-economic, political and technological trends and analyses how these will affect the market we operate in and the AET business. This deliverable supports the Five-year Business Plan, which is refreshed on an annual basis. The annual planning cycle covers risk and opportunities, strategic priorities and objectives/ targets across AET. Identified risks are managed through our ERM process detailed in "Risk Management" in this chapter. Performance against strategic objectives is evaluated using the AET Balanced Scorecard, which is reviewed by management on a quarterly basis.

### STRATEGY AND RISK MANAGEMENT PROCESSES

### **Climate Scenarios**

In considering the potential impacts of climate change on our strategy, operations and financial performance, we evaluated various scenarios based on different levels of global warming. The three different scenarios of low, medium and high future emissions are based on the Shared Socioeconomic Pathways (SSPs). These are the different narratives of societal development. They reflect a range of possible future trajectories based on varying assumptions about demographics, economic growth, technological innovation, governance and environmental policies. Each SSP is associated with a specific level of radiative forcing, which measures the difference between the amount of solar radiation absorbed by the earth and the amount of energy radiated back into space.

In addition to the SSPs, we also considered other key sources, including the Intergovernmental Panel on Climate Change (IPCC), the International Energy Agency (IEA), and the International Renewable Energy Agency (IRENA), to identify three interrelated timeframes for our business.

Climate Scenario Timeframe	Description
<b>Short Term</b> (within 2-3 years)	Any climate-related risks and opportunities that have, or are expected to have, material financial impacts in the next two to three years and that stem from current and emerging climate legislations and market transition to low-carbon assets.
<b>Medium Term</b> (current year to 2030)	<ul> <li>Any climate-related risks and opportunities that have, or are expected to have, material financial impact on AET's ability to meet the following expectations:</li> <li>Achieving IMO targets, which are to reduce emissions by at least 20%, striving for 30%, by 2030, and at least a 70% reduction while striving for 80%, by 2040 compared to 2008.</li> </ul>
	• With the typical lifespan of a vessel being around 20 to 25 years, the shipping industry must develop economically sustainable deep-sea vessels with ultra-low or zero-carbon emissions by 2030 to fulfil IMO 2050 net-zero goal and for AET to achieve AET's net-zero emissions target by 2050.
<b>Long Term</b> (2031-2050)	Any climate-related risks and opportunities that have, or are expected to have, material financial impacts on AET in addressing the energy transition and global movement towards net-zero GHG emissions by 2050.

AET's Climate Scenarios	Projection of Temperature Rise from 1881 to 2100 (°C)		Policy Ambition	Scenario Hig
	Mean	Range		
Low future emissions (<2°C)	1.8	1.3 ~ 2.4	SSP1-2.6	As the world sl path, there is a perceived envi commons slow accelerate the growth shifts t Driven by an ir inequality is re is oriented tow energy intensi significant and It projects a per century, follow aggressive dep and other tech
Moderate future emissions (2°C-3°C)	2.7	2.1 ~ 3.5	SSP2-4.5	The world follo trends do not s and income gr relatively good and national ir achieving sust experience deg and overall the population gro of the century, and challenge environmenta radiative forcir of technologie
High future emissions (3°C-4°C)	3.6	2.8 ~ 4.6	SSP3-7.0	Resurgent nat and regional c or, at most, reg increasingly or Countries focu own regions at in education a development i persist or wors countries and for addressing degradation in that assumes of throughout th effort and a co Based on thes system, includ floods and stor

shifts gradually, but pervasively, towards a more sustainable semphasis on more inclusive development that respects avironmental boundaries. Management of the global owly improves, educational and health investments be demographic transition, and the emphasis on economic s toward a broader emphasis on human well-being. increasing commitment to achieving development goals, reduced both across, and within, countries. Consumption oward low material growth and lower resource and sity. This is a low radiative forcing scenario that assumes a nd sustained reduction in global greenhouse gas emissions. peak in carbon dioxide (CO<sub>2</sub>) emissions before the mid-21<sup>st</sup> owed by a decline to zero levels by the 2070s. It also assumes eployment of renewable energy, carbon capture and storage chnologies that limit greenhouse gas emissions.

llows a path in which social, economic and technological t shift markedly from historical patterns. Development growth proceeds unevenly, with some countries making od progress while others fall short of expectations. Global institutions work toward, but make slow progress in stainable development goals. Environmental systems legradation, although there are some improvements, he intensity of resource and energy use declines. Global prowth is moderate and levels off in the second half ry. Income inequality persists or improves only slowly ges remain in reducing vulnerability to societal and tal changes. This is a stabilisation scenario, which means the sing level stabilises before 2100 by employment of a range ies and strategies for reducing greenhouse gas emissions.

tionalism, concerns about competitiveness and security, conflicts push countries to increasingly focus on domestic gional issues. Policies shift over time to become riented toward national and regional security issues. us on achieving energy and food security goals within their t the expense of broader-based development. Investments nd technological development decline. Economic is slow, consumption is material-intensive, and inequalities en over time. Population growth is low in industrialised high in developing countries. A low international priority environmental concerns leads to strong environmental some regions. This is a high radiative forcing scenario continued growth in greenhouse gas emissions e 21<sup>st</sup> century. It assumes little or no climate mitigation ntinued reliance on fossil fuels for energy production. e assumptions, significant impact on the global climate ing more frequent and severe heatwaves, droughts, ms, is assumed.

### **Climate Scenarios**

Scenario	Physical	Regulatory	Technology	Market
Low Emissions Scenario (<2°C)	<ul> <li>Sea level rise and higher sea surface temperatures affect coastal communities</li> <li>Increased wind speed and wave power in the Southern Hemisphere</li> </ul>	<ul> <li>Extensive international collaboration</li> <li>Clear policies to support net-zero transition</li> <li>Well-established carbon pricing</li> </ul>	<ul> <li>Accelerated deployment of renewable energy technologies such as solar and wind to meet ambitious emissions reduction targets</li> <li>Rapid advancement and adoption of electrification of transportation supported by advancements in battery storage technology and utilisation of e-fuels<sup>(1)</sup> in international shipping decarbonisation</li> <li>Innovation and investment in Carbon Capture, Utilisation and Storage (CCUS) technologies to mitigate remaining emissions from hard-to-abate sectors like shipping</li> </ul>	<ul> <li>Accelerated demand for clean energy solutions driven by environmentally conscious consumers and businesses</li> <li>The global demand for crude oil is expected to see a significant decline by 2050 with the shift towards lower-carbon energy sources. In this scenario, oil demand is likely to peak before 2030.</li> <li>Increased pressure to reduce GHG emissions and adopt more sustainable practices, such as using low-carbon fuels or investing in carbon capture and storage technologies</li> </ul>
Moderate Emissions Scenario (2°C-3°C)	<ul> <li>Infrastructure and communities in lower latitudes will experience notable impacts from physical climate risks</li> <li>Larger winter ocean waves and increased wave heights</li> </ul>	<ul> <li>Well-defined industry-level environmental standards</li> <li>Growing international collaboration</li> <li>Clear policies to support the net-zero transition</li> </ul>	<ul> <li>Continued growth in renewable energy deployment, albeit at a slightly slower pace compared to the low emissions scenario, as nations work towards achieving emissions reduction targets</li> <li>Increased focus on energy-efficient technologies across industries</li> <li>Deployment of more resilient infrastructure and adaptation measures to address the impacts of moderate climate change, such as sea level rise and changing weather patterns</li> </ul>	<ul> <li>Shift towards more sustainable consumer behaviour, including a preference for eco-friendly products and services</li> <li>The global demand for oil is likely to plateau at current levels, peak in 2030s then fall marginally to 2050</li> <li>Growing recognition of the economic benefits of climate action will spur investments in clean energy projects, green finance initiatives and sustainable development programmes by governments, businesses and financial institutions. The pace of these actions is sporadic.</li> </ul>
High Emissions Scenario (3°C-4°C)	<ul> <li>Extreme sea level rise and intense impact on ports and coastal infrastructure</li> <li>Warmer sea surface with extreme heatwaves and intense tropical cyclones</li> </ul>	<ul> <li>Moderate implementation of carbon pricing</li> <li>Large differences across regions and countries in environmental standards and policies</li> <li>Continuing government incentives for the oil and gas sector in some countries</li> </ul>	<ul> <li>Limited progress in emissions reduction efforts, leading to continued reliance on fossil fuels for energy generation and transportation</li> <li>Focus on process efficiency with slower adoption of best-performing technologies</li> <li>Increased investment in adaptation strategies, including infrastructure upgrades, coastal defences and disaster preparedness measures, to cope with the worsening impacts of climate change</li> </ul>	<ul> <li>Slower adoption of renewable energy sources</li> <li>Oil demand is likely to continue growing at a low rate</li> <li>Continued investment in upstream oil and gas</li> </ul>

(1) E-fuels are synthetic fuels produced from renewable or decarbonised electricity. They are a drop-in replacement for traditional fuel oils, meaning they can be used in existing internal combustion engines without modifications.

### **Reputation and Social**

- Significant stakeholder pressure to reduce emissions across the value chain
- Increased regulatory requirements for reporting and disclosing performance and targets
- Creation of a new green economy and employment opportunities

- Progress towards improving sustainable and responsible practices will be mixed
- Widespread social awareness about climate change will influence purchasing and consumption decisions
- Shortage of skills in climate change adaptation will lead to many displaced workers

- Some pressure and urgency placed on companies to take climate action
- Inequal spread of job gains and losses between sectors and countries

### **Identified Physical Climate Risks**

Driving Forces	Key Risks and Impact	Opportunities		Res
Acute	<ul> <li>Medium- to Long-Term</li> <li>Increase in extreme wind, precipitation and heat</li> <li>Elevated operational expenditure due to operational delays or disruptions increasing transit times and fuel consumption and causing vessel damage</li> <li>Rise in personal injury and asset damage cases, leading to higher insurance premiums</li> <li>Potential damage to structures and equipment exposed to external weather and elevated costs for upgrading sites</li> <li>Potential reputational impact from failure to meet project deadlines due to disruptions in asset newbuilding yards, port operations, and affected supply chain operations</li> <li>Escalation in compliance costs due to increased spill or leak risks, leading to damages and potential litigation</li> </ul>	<ul> <li>Explore digitalisation to optimise operations and minimise maintenance costs</li> <li>Expand exploration of alternative shipping routes and logistics strategies to circumvent regions most affected by weather changes to ensure supply chain resilience</li> </ul>	•	<ul> <li>All to complete the co</li></ul>
Chronic	Medium- to Long-Term Sea level rise • Risk of damage to shipping hubs and ports where critical infrastructure is affected, most being located only a few metres above sea level			cc re m

### ponses All of AET's vessels are engineered o withstand extreme weather onditions. To enhance crew reparedness, these vessels eceive real-time weather updates, ncluding maps and satellite imagery, rom the National Oceanic and Atmospheric Administration and juidance from port authorities. Equipped with advanced sensors nd comprehensive weather nonitoring solutions, AET's vessels an predict sea state, wind and other rucial weather conditions, ensuring afe navigation during extreme veather events.

- AET is committed to continually enhancing the specifications of its newbuild vessels to effectively address acute physical risks. Rigorous safety controls are implemented for vessel navigation, including a comprehensive set of procedures covering passage planning, vessel management during adverse weather conditions, navigational equipment maintenance, resource management and contingency plans for various vessel emergencies.
- AET has established a robust Crisis Management Plan (CMP) to manage corporate-level crises. Operationallevel emergency plans are seamlessly integrated into the CMP, forming a cohesive link to AET's business continuity management and disaster recovery planning, effectively mitigating business risks.

### **Identified Climate Transition Risks**

Forces	Key Risks and Impact	Opportuni
Regulatory	Short- to Medium-Term Increasing environmental/carbon policies and legislations - Higher capital and operating costs incurred due to the costs arising from compliance with regulations including IMO's EEXI and CII and the EU Emissions Trading System (EU ETS) and FueIEU Maritime - Potential premature write-downs of ship assets or refurbishments to meet specified emissions standards - Reduced competitive advantage for less efficient assets due to regulations or customer requirements - Uneven global adoption of regulations creates complexities for AET's operations, impacting AET's efforts to align with, and contribute to, the global net-zero agenda	<ul> <li>Higher madifferentia for owners low-carbo</li> <li>Increase in demand ficleaner so of energy by govern policies</li> <li>Capitalise opportuni provide lo emission is services to customer</li> <li>Diversificat business p into low- a emission s in alignma global clin targets</li> </ul>

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### Responses

- Integration of regulatory climate risk and climate-change related disruptions in the risk register with Board-level oversight
- Focus on commercial and operational excellence to maintain a minimum 'C' rating for compliance with CII regulations. In 2024, 84% of our vessels were rated as 'C' and above.
- Installation of Shaft Power Limitation devices on non-compliant vessels resulted in AET achieving 100% compliance with EEXI regulations
- Established an Internal Carbon Price (ICP) since 2023 to be used as an initial sensitivity analysis for new investments. Starting 1 January 2025, the ICP will be used to evaluate final investment decisions.
- Updated contractual agreements with charterers and ship managers to include EU ETS requirements. Also upgraded software systems, established processes and provided training to commercial staff for compliance with EU ETS. We are conducting a similar exercise for FuelEU Maritime.
- The use of biofuels on our Aframaxes to improve vessel performance. We are exploring its use for vessels going into EU ports to achieve compliance with FuelEU Maritime.

to our business strategy

# **Climate-Related Financial Disclosures**

### **Identified Climate Transition Risks**

Driving Forces	Key Risks and Impact	Opportunities		Responses
Technological	Short- to Medium-Term Development of new technologies for low- carbon solutions • Technology adoption risks where the solutions deployed may not meet business demands and regulations • Reduced demand for existing assets that are still running on older, more carbon-intensive technology	<ul> <li>Secure a market- leading position by actively adopting new low-carbon technologies</li> <li>Increased annual savings from retrofitting existing vessels with energy- efficient technologies to reduce energy consumption</li> <li>Increased funding/ incentives from financial providers for being first movers in developing and adopting new technologies</li> </ul>		<ul> <li>AET is committed to reducing its GHG emissions and has been investing in dual-fuel assets since 2019. Since then, AET's LNG dual- fuel fleet has expanded to 11 vessels, including a contract signed in 2024 for two in charter LNG dual-fuel Aframax newbuilds due for deployment in 2027.</li> <li>AET has developed a Tiered Decarbonisation Strategy that includes progressively renewing its shipping fleet with ammonia dual-fuel vessels by 2030 in alignment with the wider MISC Group's net- zero goal. In 2024, AET signed three Ship Building Contracts (SBC) for the world's first ammonia dual-fuel Aframaxes.</li> <li>Efforts are also underway to explore GHG reduction and abatement technologies. We have conducted a computational fluid dynamics study to identify energy-efficient technologies for our vessels. We are also working with Daphne Technology to deploy an emission monitoring system that will help identify the right methane abatement solution for our LNG dual-fuel vessels.</li> <li>At AET, we formed a Decarbonisation team to comprehensively address carbon emissions across all vessels, ensuring a more effective and impactful reduction strategy</li> <li>AET engages with financial institutions to explore funding opportunities that can be used to support its decarbonisation efforts. In 2024, AET secured a US\$100 million sustainability-linked Islamic Revolving Credit Facility that can be used for this purpose.</li> </ul>
	Short- to Medium-Term Training for the right expertise and skills required to manage new assets • Increased requirements and reskilling and upskilling costs for managing new low- and zero- carbon technologies, data analytics and automation	<ul> <li>Provide training to develop skills required to manage new technology, data analytics, zero- emission fuels, environmental compliance and best practices</li> </ul>	•	<ul> <li>AET collaborated with the Maritime and Port Authority of Singapore under the Maritime Energy Training Facility (METF) to develop specialised training courses for future maritime professionals, focussing on future fuels and technologies</li> <li>AET's HR division has set up divisional upskilling programmes designed to develop skills required to tackle future challenges. In 2024 the new programmes introduced included data analytics and artificial intelligence courses.</li> <li>The AET Talent Development Committee, see the "Talent Excellence" chapter, regularly reviews our talent strategy to address skills and capability gaps in relation</li> </ul>

### Identified Climate Transition Risks

Driving Forces	Key Risks and Impact	Opportuniti
Forces	Medium- to Long-TermShift in market interest towards low-carbon economy and shift in customer expectations• Long-term decline in 	<ul> <li>Expansion diversificat fleet offerir meet custo demand in value chair such as offi wind, carbo alternative</li> <li>Provision o innovative sustainable solutions ir manageme engineerin procureme consultance</li> <li>Provide ne bunkering storage ser offerings re to zero-em fuels</li> </ul>
	<ul> <li>Medium- to Long-Term</li> <li>Changing capital providers trends</li> <li>Increased barriers to financing due to financier commitments to align lending, investment and capital markets activities with net-zero commitments</li> <li>Adjustments in capital flows and a pivot by investors, driven by financial returns in renewable energy compared to fossil fuels, reducing the availability of financing</li> </ul>	<ul> <li>Access to f opportunit with reduct cost of bor- supporting use of low- zero-emiss technology the shift fro conventior business in Energy busing the shift from conventior</li> </ul>

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### Responses

- Established the AET Energy Transition Strategy with one of the pillars focussing on identifying non-fossil fuel linked New Energy business in offshore wind and carbon value chains and future fuels
- AET engages with financial institutions to explore funding opportunities that can be used to support its decarbonisation efforts. In 2024, AET secured a US\$100 million sustainability-linked Islamic Revolving Credit Facility that can be used for this purpose

Sustainability at AET

Supporting Information

### **Identified Climate Transition Risks**

Forces	Key Risks and Impact	Opportunities		
Reputational and Social	Short- to Long-Term Being perceived as advanced or laggard in climate change management and response • Pressure to ensure accurate	<ul> <li>Explore partnerships with counterparts in the energy and chemical sectors based on shared commitments to reduce emissions</li> <li>Engage in close</li> </ul>		
	and timely information on sustainability performance including emissions reduction initiatives, safety measures, and environmental stewardship efforts to maintain stakeholder confidence and demonstrate progress	with suppliers and partners to ensure stringent adherence to environmental standards and initiatives to reduce emissions		
	Short- to Long-Term Talent retention and attraction  • Ensure job security for employees who are directly dependent on the oil and gas sector • Experience loss of talent as professionals may seek out opportunities with companies that are "greener" in nature	<ul> <li>Increased commitment to community engagement, local employment support and sustainability initiatives</li> <li>Demonstrate strong commitment to reducing value chain emissions and providing sustainable services</li> </ul>		

Re.	sponses
• F e n t s	Publicly committing to achieve emissions reductions by 2030 and net-zero GHG target by 2050, and ransparently communicating ustainability progress to both nternal and external stakeholders

- Decarbonising our business portfolios, ensuring proactive risk management and adaptation strategies to enhance resilience to climate-related risks so that we are aligned with investor expectations, and to unlock financing for future initiatives
- Proactive collaborations with players across the value chain to showcase a stronger sector-wide commitment and unlock new funding sources
- Embarking on a responsible supply chain management programme with comprehensive self-assessments, engagements and initiatives to strengthen our reputation and manage stakeholder expectations as part of climate risk management
- Actively navigating the transition risks associated with talent retention and attraction and climate change action within the maritime and energy sectors
- Engaging in strategic partnerships, exemplified by our role as a partner of the Global Maritime Forum, our signatory status with the "Getting to Zero Coalition" since 2019, and others. These affiliations and presence in the global maritime sector underscore our dedication to contributing to climate action both globally and locally.

### **Resilience of AET Strategy**

AET's strategic direction is set by the Energy Transition Strategy, explained above. It covers the period 2023 to 2030 and is therefore linked to the short- and mediumterm time horizons we define in our climate scenarios. Beyond 2030, we have committed to achieving net-zero carbon emissions from our business and value chain by 2050. This is linked to the long-term time horizon in our climate scenarios. We have assessed the resilience of our Energy Transition Strategy and net-zero commitment against the low, medium and high climate scenarios outlined above.

### Low-Carbon Emissions Scenario

Under this scenario we expect that over the short/ medium term that our investments in low-carbon fossil fuel shipping would put us in a very favourable position versus the industry globally as our vessels offer a lower cost of compliance with tighter regulations and meet evolving customer preferences. This would also unlock beneficial financing opportunities and position us positively with external stakeholders and staff. Given our focus on decarbonisation we would also incur additional technology-based costs, for example, in the deployment of carbon capture and storage to maintain our low-emissions trajectory. Over the long term, with peak oil expected before 2030 we would need to transform our fleet away from fossil fuel transport to New Energy value chains, as market, regulation and societal trends penalise fossil fuel transport, starting before 2030. We do not expect significant impacts from chronic or acute physical risks on our strategy, as both chronic and acute risks would be negligible over the short, medium and long terms.

### Medium-Carbon Emissions Scenario

Under this scenario we expect that over the short/ medium term our investments in low-carbon fossil fuel shipping would put us in a favourable position versus the industry in most regions as our vessels offer a lower cost of compliance with regulations and meet evolving customer preferences, albeit for a subset of customers. Given financial institutions' commitments we should continue to unlock beneficial financing opportunities, and our low-carbon positioning would position us favourably with external stakeholders and **Our Business** 

Our Strategy

Our Leadership

Our Financial Performance

Sustainability at AET

Supporting Information

## Beyond 2030, we have committed to achieving net-zero carbon emissions from our business and value chain by 2050.

staff. Given our focus on decarbonisation, we would also incur additional technology-based costs, for example, the cost of carbon capture and storage to maintain our low-emissions trajectory. Over the long term, with peak oil expected after 2030 we would need to transform our fleet away from fossil fuel transport to New Energy Value chains, as market, regulatory and societal trends penalise fossil fuel transport, likely in the 2040s. We would expect some disruption to port infrastructure relating to chronic physical risks impacting supply and demand for fossil fuel routes but with adaption measures this is unlikely to impact our strategy or financial sustainability.

### High-Carbon Emissions Scenario

Under this scenario we expect that over the short/ medium term our investments in low-carbon fossil fuel shipping would put us in a favourable position but only in some regions. We may be disadvantaged in some regions due to the additional costs of low-carbon technologies such as dual-fuel which would make us less competitive versus companies that took no action. However, over the long term with oil demand seeing low growth to 2050 our fossil fuel energy transport business would benefit directly. The success and sustainability of our planned investment in New Energy value chain businesses would depend on demand within the specific verticals and given a slow pace of change we would selectively invest to maintain financial sustainability. We would expect significant disruption to port infrastructure relating to chronic physical risks reshaping supply and demand for fossil fuel transport routes which would have an uncertain impact on demand for specific vessel types. Secondly, our vessel operations would be at risk from extreme weather events which would require investment in preventative measures.

### **Risk Management**

AET's risk management processes are integral to the ongoing success of AET's business and our resilience against the impacts of climate change. The processes seamlessly incorporate the identification, assessment and management of climate-related risks within our comprehensive risk management programme, which is specifically structured to identify risks across AET, gathering input from each function.

We operate risk management processes across two primary dimensions within AET. Firstly, at an enterprise level we collect and manage the material inherent risks, including physical climate and transition risks to AET. In addition to enterprise risks likely to have a significant impact within the financial year we also specifically track emerging risks. These are risks where the impact or severity of the risk is unclear, but which have been identified as relevant to our business over the short and medium term. The second risk management dimension focusses on capital-intensive investments, where we, as a shipowner, make significant CAPEX investments over long payback periods. The associated risk assessment process for these investments is known as Project Risk Assessment (PRA).

To ensure effective risk management AET adopts a "three lines of defence" model against existing and emerging risks that impact AET's ability to generate value for its stakeholders. In this model, the first and second lines are responsible for executing and monitoring risk management activities and they refer to AET's Enterprise Risk Management function and ARSC respectively. The third line is the MISC Group internal audit function which operates independently to check the effectiveness of the risk management processes and reports directly to the ARSC.



### AET RISK MANAGEMENT STRUCTURE

Our risk management processes are integral to the ongoing success of AET's business and our resilience against the impacts of climate change.

### **Enterprise Risk Management (ERM)**

As part of our ERM Framework, the ERM function acts to collect, analyse and mitigate climate-related enterprise risks from our annual strategy setting process and from each function within AET on an ongoing basis. The External Environment Analysis is the primary input in the scoping and management of enterprise risks and opportunities to facilitate strategy and decision-making. Material risks and opportunities are then translated into AET's five-year rolling business plan. A risk or opportunity is deemed material if it has a high probability of occurrence and has a substantial financial impact on AET. AET functions such as HR, Finance, HSSE and associated risk owners are also required to perform an annual bottom-up review of their risk profiles, with a focus on linking risks to AET's business objectives, including climate-related risks, their impact and mitigation plans. The outcomes from this exercise, documented in quarterly ERM reports are reviewed, monitored and reported to the ELT, before being escalated to the ARSC and, subsequently, the Board.

AET follows the PETRONAS Resiliency Model. This model takes a comprehensive approach to the overall strategy towards risk management, including implementing best practices to create value within set boundaries, applying risk-based decision making and making risk everyone's responsibility.

## Project Risk Assessment (PRA)

A PRA is systematically conducted before the approval of any new capital-intensive project, such as the commissioning of a new vessel. This assessment identifies potential risks associated with the project, including climate-related risks, allowing the business to implement effective controls and mitigations. AET systematically prioritises these factors by evaluating the potential impact severity of risks and the scale of opportunities. These details are then included in Management and the Board's Final Investment Decision papers.

Given the multi-faceted nature of risk involved in global projects, in 2025 we chose to centralise this process under a new PRA Committee that includes ELT members as well as subject matter experts where required. The process is owned by the ERM function, with support from other divisions. Its role is to:

- 1. review, deliberate over and recommend mitigation actions necessary for the projects under assessment
- 2. deliberate over the risk rating for each Risk Category of the project
- 3. deliberate over the return thresholds based on the PRA

In addition, the ERM function manages the commercial assurance process for all PRA-related projects. This is an independent review of project assumptions to ensure accuracy and robustness and it forms part of our "three lines of defence" model.

During the PRA process for new assets, we assess carbon emissions and apply a shadow Internal Carbon Price (ICP) of US\$68/tonne  $CO_2e$  (2024 price) in a "sensitivity case" financial model that is in addition to our base-case financial model (without ICP). This allows us to factor climate change risks and opportunities into our financial planning and supports the achievement of our emission reduction targets.

With risks and opportunities identified, we then proceed to propose options to mitigate, transfer, accept or control these risks through considerations such as:

- existing and emerging regulatory requirements related to climate change, including applicable external carbon prices
- potential implementation of low-carbon technologies to reduce asset emissions and improve energy efficiency and performance
- evaluation of the asset's total GHG emissions and its GHG emissions intensity, with respect to AET's climate commitments

### **Metrics and Targets**

To assess the risk and opportunities of climate change we use a range of metrics with associated targets that are essential in steering us towards a sustainable and low-carbon future.

The following strategic and operational areas have metrics/targets associated with them:

- Energy Transition Strategy
- Decarbonisation
- Climate-related events in our Enterprise Risk Register
- Internal Carbon Price
- Revenue from low-carbon services
- Climate-related remuneration
- CAPEX and OPEX expenditure on low-carbon or energy reduction initiatives

### **Delivery of Energy Transition Strategy**

Our Energy Transition Strategy is described in detail in the "Our Strategy" section of this report. It includes the following climate-related metrics and targets under its three pillars.

- 1. "Resilient Core" and 2. "New Energy"
  - a. Achieve a 50% increase in cashflow from operations (from 2022 baseline), with half coming from the New Energy pillar in wind, carbon and waste-to-value value chains
- 3. "Decarbonisation" (see Decarbonisation performance)
  - a. Achieve net-zero by 2050
  - Achieve 40% GHG emissions intensity reduction from our Shipping Operations<sup>(1)</sup> by 2030 from 2008 baseline
  - c. Aspire to a 40% GHG emissions reduction from our Shipping Operations<sup>(1)</sup> by 2030 from 2008 baseline

**AET Energy Transition Strategy Performance** 

### **Decarbonisation Performance**

### AET's GHG Inventory

The organisational boundary for AET's GHG inventory accounting is determined by the financial control approach outlined in the GHG Protocol Corporate Standard. We assert financial control over an operation when we have the authority to direct its financial and operational policies to gain economic benefits from its activities. We report our GHG emissions as a sum of  $CO_2$ emissions and  $CO_2$  equivalent emissions from  $CH_4$  and N<sub>2</sub>O using a common unit of  $CO_2e$ .

- <u>Scope 1</u>: All direct GHG emissions occurring on assets where AET has financial control are included under AET's Scope 1 GHG emissions. We split this into "Shipping Operations" which counts the fuel used aboard our ships and "Non-shipping Operations" which is emissions from onshore fuel consumption such as machinery in our AET Offshore warehouse
- <u>Scope 2</u>: All indirect emissions from energy purchased for consumption on assets where AET has financial control and office energy consumption are accounted for under AET's Scope 2 GHG emissions
- <u>Scope 3</u>: AET reports on all relevant Scope 3 emissions categories. To determine relevance, we conduct a Scope 3 materiality exercise every two years where our business activities are reviewed against GHG Protocol's Scope 3 definitions. Our 2024 financial year reporting on Scope 3 is a change in approach from our reporting in 2023 where we reported "material" Scope 3 categories as defined by our parent MISC Group; these were Categories 3, 8 and 15. For FY2024 AET's relevant Scope 3 categories and our approach to estimation are indicated below. Note that we did not conduct an estimate on Scope 3 Categories 1, 4 and 5 in 2024.

Metric	Unit	2022	2023	2024
Total EBITDA <sup>(2)</sup>	US\$M	497	567	590
Total EBITDA growth versus 2022	%		14%	19%
New Energy EBITDA	US\$M		0	0
Percentage of AET EBITDA increase from New Energy	%		0%	0%

(1) Petroleum and Product only

<sup>(2)</sup> We report EBTIDA as a proxy for CFO to show the progress against the CFO targets of our Energy Transition Strategy

Metric	Description
Category 1 Purchased Good and Services <sup>(3)</sup>	Spend-based method where services we procure with the American Industry Classifica
Category 2 Capital Goods	Average-product method w Life Cycle Assessment (LCA) LCA for a Panamax Bulk Car
Category 3 Fuel- and Energy- Related Activities (Not Included in Scope 1 or 2)	Activity-based method whe vessels and offices and mult factors in CO <sub>2</sub> e as published Zero. For vessels that we ow approach to determine AET
Category 4 Upstream Transportation and Distribution <sup>(3)</sup>	Spend-based method where services we procure with the American Industry Classifica
Category 5 Waste Generated in Operations <sup>(3)</sup>	Average-data method wher emission factors as defined Zero and US Environmental
Category 6 Business Travel	Activity-based estimation is emissions factors. We curren travel only based on data fro
Category 7 Employee Commuting	Distance-based method usi the transportation modes (f travelled. These data are mult factors to estimate the CO <sub>2</sub> e and Net Zero and Ecoinvent based on the number of sur
Category 8 Upstream Leased Assets	Asset-specific method wher and multiply that by the res
Category 15 Investments	We follow the equity share a investments that relate to o

 $^{\rm (3)}$  We did not calculate the emissions for this category in 2024

<sup>(4)</sup> Research Gate

re we multiply the amount we spend on goods and ne relevant emission factors as defined by the North ation System to get the emissions in  $CO_2e$ .

where we multiply newbuild gross tonnage with a a) emission factor determined based on a cradle-to-gate arrier<sup>(4)</sup>.

here we monitor the fuel and electricity usage in our altiply them by the respective Well-to-Tank emission and by the UK Department for Energy Security and Net wn through a joint venture, we follow the equity share T's share of  $CO_2e$  emissions.

ere we multiply the amount we spend on transportation he relevant emission factors as defined by the North cation System to get the emissions in  $CO_2e$ .

ere we multiply the amount of waste disposed with the d by the UK Department for Energy Security and Net al Protection Agency to get the emissions in  $CO_2e$ .

is based on distance travelled multiplied by relevant ently monitor the CO<sub>2</sub> emissions from business air from our travel agents.

sing an employee commuting survey to collect data on (for example, walking, bus travel or by car) and distance ultiplied by the respective transportation mode's emission e emissions using the UK Department for Energy Security int data. We estimate CO<sub>2</sub>e emissions for all employees urvey respondents extrapolated to all employees.

ere we monitor the fuel used on our in chartered vessels espective fuel emission factors as published by the IMO.

approach whereby we report the emissions from our percentage equity ownership in the investment.

Supporting Information

### **Carbon Intensity**

In addition to absolute GHG emissions, we also measure carbon intensity using the Annual Efficiency Ratio (AER) metric which is aligned to the IMO's mandatory scheme on operational CO<sub>2</sub> reduction known as Carbon Intensity Indicator (CII). AER measures a vessel's total CO<sub>2</sub> emissions per unit of transport work (gCO<sub>2</sub> /tonne-nm). Transport work is calculated by multiplying the vessel's deadweight tonnage by the distance travelled. However, the AER metric only measures CO<sub>2</sub> and does not include other GHGs converted into CO<sub>2</sub> equivalent (CO<sub>2</sub>e). For that reason, in addition to AER, AET also tracks and reports its vessels' GHG performance in units of CO2e per tonne-nm which includes all relevant GHGs from its operations, that is, carbon dioxide, methane and nitrous oxide.

### Decarbonisation Targets

Timeframe	Medium-Term Target	Medium-Term Aspiration	Long-Term Target
Target	40% reduction in GHG emissions intensity (for Shipping Operations <sup>(1)</sup> ) by 2030	40% reduction in GHG emissions (for Shipping Operations) <sup>(1)</sup> by 2030	Net-zero GHG emissions by 2050
Scope	<ul> <li>Shipping operations that fall w Boundary (Financial Control)</li> <li>Vessels not subjected to the re and 25 of MARPOL Annex VI ar</li> </ul>	vithin AET's GHG Organisational quirements of Regulations 21 re excluded	<ul> <li>AET's value chain:</li> <li>AET's own operations (Scopes 1 and 2)</li> <li>Relevant upstream and downstream operations (Scope 3)</li> </ul>
Carbon Offsets for Residual Emissions	No	No	Yes
Target Type	Intensity reduction	Absolute	reduction
Metric	AERCO2e (gCO2e/tonne- nm)	CO <sub>2</sub> e (	gCO <sub>2</sub> e)
Base Year		2008	
GHG Included		All material GHGs: CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> C	)

Note: We include an aspiration goal of 40% reduction in GHG emissions. This stretch goal complements our commitment of a 40% intensity reduction.

## **Decarbonisation Performance**

	Unit	2022	2023	2024	
Carbon Intensity (Annual Eff	iciency Ratio (AER))	– Petroleum	n and Produ	ct	
AER	gCO <sub>2</sub> /tonne-nm	3.74*	3.51*	3.24	
AERCO <sub>2</sub> e	gCO <sub>2</sub> e/tonne-nm	3.81*	3.59*	3.33	
Operational Data					
Distance Travelled	nm	2,549,962*	2,518,777*	2,622,209	
Transport Work	million tonne-nm	419,525*	456,413*	511,950	
GHG Emissions					
Total <sup>(2)</sup>	tonnes CO2e	2,062,845*	2,077,302*	2,251,701	
Scope 1 Emissions					
Shipping Operations – Petroleum	tonnes CO <sub>2</sub> e	1,555,180*	1,616,373*	1,704,105	•
Shipping Operations – Product	tonnes CO <sub>2</sub> e	42,704*	21,848*	94	-
Shipping Operations – Workboat	tonnes CO <sub>2</sub> e	4,655	5,125	6,034	-
Non-Shipping Operations	tonnes CO <sub>2</sub> e	78	78	51	
Total (SASB Metric)	tonnes CO <sub>2</sub> e	1,602,617*	1,643,423*	1,710,285	
Scope 2 Emissions					
Shipping Operations – Workboat	tonnes CO <sub>2</sub> e	_	_	25	
Non-Shipping Operations	tonnes CO <sub>2</sub> e	638	609*	610	
Total	tonnes CO2e	638	609*	635	
Scope 3 Emissions					
Category 2 –	toppes CO-e	_	_	121697	
Capital Goods				121,007	
Category 3 – Fuel- and Energy-Related Activities	tonnes CO <sub>2</sub> e	384,824	392,832	412,369	
Category 6 –				<b>.</b>	
Business Travel	tonnes CO <sub>2</sub> e	_	_	1,652	
Category 7 –	tonnes CO <sub>2</sub> e	_	_	302	
Employee Commuting					
Category 8 –	tonnes CO <sub>2</sub> e	74,766	40,438	2,398	
Category 15 -					-
Investments	tonnes CO <sub>2</sub> e	0	0	0	
Total	tonnes CO <sub>2</sub> e	459,590	433,270	538,418	-
					-
Biogenic Emissions					
	tonnes CO₂e	_	_	2,362	I
				_,	

Carbon Intensity (Annual Eff	iciency Ratio (AER))	– Petroleum	n and Produ	ct
AER	gCO <sub>2</sub> /tonne-nm	3.74*	3.51*	3.24
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Scope 3 Emissions				
Category 2 –	tonnes CO₂e	_	_	121.697
Capital Goods				<b>y</b>
Category 3 – Fuel- and Energy-Related Activities	tonnes CO <sub>2</sub> e	384,824	392,832	412,369
Category 6 –				
Business Travel	tonnes CO <sub>2</sub> e	_	_	1,652
Category 7 –	tonnes CO <sub>2</sub> e	_	_	302
Employee Commuting				502
Category 8 –	tonnes CO <sub>2</sub> e	74,766	40,438	2,398
Category 15 -				
Investments	tonnes CO <sub>2</sub> e	0	0	0
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Category 3 – Eucl. and Energy Delated Activities	tonnes CO <sub>2</sub> e	384,824	392,832	412,369
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Category 7 –	toppes CO o			202
Employee Commuting		_	_	502
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Calegory IS – Investments	tonnes CO <sub>2</sub> e	0	0	0
Total	tonnes CO₂e	459,590	433,270	538,418
	۷			, -
Biogenic Emissions				
	tonnes CO <sub>s</sub> e	_	_	2.362
				2,502

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Category 7 –	toppos CO o			200
Employee Commuting	tormes CO <sub>2</sub> e	_	_	302
Category 8 –	tonnes CO <sub>2</sub> e	74,766	40,438	2,398
Upstream Leased Assets	-			
Category 15 – Investments	tonnes CO <sub>2</sub> e	0	0	0
Total	tonnes CO <sub>2</sub> e	459.590	433.270	538.418
		2,000		
Biogenic Emissions				
	tonnes CO-e	_	_	2362
		_		2,302

<sup>(2)</sup> Includes emissions from Scopes 1, 2, 3 and biogenic

\* Restated the numbers post third-party GHG verification and updates in performance data as part of our ongoing improvement in environmental data inventory and reporting.

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Introduction

**Our Business** 

Our Strategy

Our Leadership

Our Financial Performance

Sustainability

## Throughout 2024, we demonstrated our commitment to integrating the risks and opportunities of climate change into AET's governance, business strategy, risk management, operations and reporting. This ensures we are set up for success, regardless of future climate scenarios.

### Climate-Related Events in Our Enterprise Risk Register

As detailed above in "Risk Management", we track climate-related risks for the financial year and emerging risks over the medium term in our enterprise risk register.

### Climate-related transition risks and associated Key Risk Indicators (KRI)

- 1. Energy Transition risk
  - KRI: Cashflow from Operation (CFO) (US\$M) from Profitable New Energy businesses
- 2. Decarbonisation risk inability to meet AET's GHG emissions targets
  - KRI: Shipping Operations Annual Efficiency Ratio (gCO<sub>2</sub>e/tonne-nm)
  - KRI: FuelEU Maritime compliance linked to GHG reduction % relative to 2020 (gCO<sub>2</sub>e/MJ)

### Emerging risks and KRIs

- Unavailability or delayed development of critical technologies
  - KRI: Availability/Delivery of zero-/lowcarbon engines
- 2. Unavailability of green fuels
  - KRI: Pace of bunker infrastructure developments
  - KRI: Price and adoption rate of green fuels

We do not publicise targets for our KRIs.

### **Internal Carbon Price**

In 2024, AET established an ICP to anticipate and manage risks and opportunities related to future regulatory and customer developments related to carbon emissions. It is used as a shadow price in evaluating investment decisions, as detailed in the PRA process outlined in this chapter. The ICP level is developed based on mandatory carbon pricing indicators such as the European Union Emissions Trading System (EU ETS) prices and guidance from international organisations such as the World Bank on future carbon pricing necessary to achieve emissions reductions pathways. The ICP level was set at US\$50/tonne of CO<sub>2</sub>e in 2023 and revised to US\$68/tonne of CO<sub>2</sub>e in 2024.

### **Climate-Related Remuneration**

In 2022 AET introduced climate-related strategic initiatives and annual GHG emissions intensity targets as key performance indicators to AET's Balanced Scorecard (BSC), which also includes financial performance, strategic initiatives, operations, HSSE, and people development areas. The annual variable bonuses of AET President and Supporting Information

CEO and the ELT is determined by AET's performance against the BSC. The sustainability-related performance of senior management is assessed through the BSC as part of the Board's performance appraisal. In 2024, the management of climate-related risks and opportunities accounted for 14% of the BSC. AET President and CEO and the ELT also have a long-term incentive plan, 20% of which is directly linked to AET's sustainability targets.

### **Revenue From Low-Carbon Services**

Our current business is in conventional energy transportation. One of the aspirations of the Energy Transition Strategy is to double CFO by 2030 with half of the increase coming from New Energy businesses in offshore wind, carbon, waste-to-value and future fuels value chains. In the interim, as we and the global economy transition to a lower carbon state, we recognise the importance of providing low-carbon solutions for conventional energy transport. To track this change, we record the revenue associated with our LNG dual-fuel vessels. These vessels, when running on LNG, emit up to 25% less GHG emissions than conventionally fuelled vessels. See our "Fleet List" chapter for vessel details. In 2024 this figure was US\$137 million. We do not have an associated target for this metric.

### **Environmental Expenditure**

As part of our plans to achieve our medium- and long-term targets for net-zero emissions we make specific environmental CAPEX and OPEX investments which we track. In 2024, AET deployed OPEX of US\$21 million on projects to improve environmental performance. These included spendings on biofuels, pollution compliance surveys, ISO compliance, Health, Safety and Environment (HSE) audits and environmental monitoring. In addition, we spent a total of US\$1 million on CAPEX that includes the cost for hull coating, ultra-low friction paint and hull cleaning systems to improve energy efficiency. For full details see the "Towards Decarbonisation" chapter in this report. We do not have an associated target for these metrics.

### **Moving Forward**

Throughout 2024, we demonstrated our commitment to integrating the risks and opportunities of climate change into AET's governance, business strategy, risk management, operations and reporting. This effort ensures we are set up for success regardless of future climate scenarios.

Through this climate disclosure we aim to enhance stakeholder understanding of climate-related impacts on our organisation as well as our impact on the climate. We also seek to foster resilience and contribute to the broader global effort towards realising a sustainable and low-carbon future.