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# TCFD Report 2023

Task Force on Climate-Related Financial Disclosures

**PTT Global Chemical**

June 2023

*The business of sustainability*



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## 1. TCFD Framework

# TCFD Framework



PTT Global Chemical is devoted to exploring new and effective sustainable pathways to continue our journey forward and contribute to the environment where possible. We pledge to aggressively establish the company's target as per our Climate Strategy and Climate-related Performance. In this light, GC has initiated ambitious GHG emissions reduction targets and other indirect targets to monitor and improve GC's performance and keep track of our progress directed at the global climate objective. These take into consideration Sustainable Development Goals 7 (Affordable and Clean Energy) and 13 (Climate Action). To further enhance GC's operational excellence in leading towards the aforementioned target, GC has assigned its governance body to oversee the climate-related risk, opportunity, and strategic directions. We have also analyzed internal and external risk factors, which could influence the business operation as well as observing the emerging Risks to identify climate change risks that may cause significant impacts on GC and take precautionary measures to address them appropriately. Our approach includes developing scenario-based climate analysis for both physical and transition risks.

Ultimately, we have enforced robust risk and crisis management approaches to manage risk and minimize it to the extent that is acceptable in response to GC's Climate Change Strategy. We intend to initiate **Net Zero Target by 2050 to strengthen our climate strategy.**

As part of GC disclosure action, the company has conducted **this with conformance to TCFD recommendations and thus improving their robustness and uniformity.** With evidence that will be presented in this report, GC has demonstrated to be a supporter of the TCFD recommendations and has, to the best of its ability, adopt the four aforementioned core elements of the climate-related financial disclosures recommendation.

The disclosure recommendations are structured around **four core elements of organizational operation: governance, strategy, risk management, and metrics and targets.**





# TCFD Content Index

Recommended Disclosures	Disclosure Source
<b>Governance</b>	
a) Describe the board’s oversight of climate-related risks and opportunities.	<ul style="list-style-type: none"> <li>■ TCFD Report 2022, Page 6-10</li> <li>■ <a href="#">Integrated Sustainability Report 2022</a>, PDF page 148</li> <li>■ <a href="#">Climate Change Management Structure</a></li> <li>■ <a href="#">Sustainability Management Structure</a></li> <li>■ <a href="#">Corporate Governance &amp; Sustainability Committee Charter</a></li> </ul>
b) Describe management’s role in assessing and managing climate-related risks and opportunities.	
<b>Strategy</b>	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long Term	<ul style="list-style-type: none"> <li>■ TCFD Report 2022, Page 11-32</li> <li>■ <a href="#">Integrated Sustainability Report 2022</a>, PDF page 151</li> <li>■ <a href="#">Risks and Opportunities</a></li> </ul>
b) Describe the impact of climate related risks and opportunities on the organization’s businesses, strategy, and financial planning.	
c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	
<b>Risk Management</b>	
a) Describe the organization’s processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"> <li>■ TCFD Report 2022, Page 33-37</li> <li>■ <a href="#">Integrated Sustainability Report 2022</a>, PDF page 150-179</li> <li>■ <a href="#">Climate Change Risks and Opportunities</a></li> <li>■ <a href="#">Risks and Opportunities</a></li> </ul>
b) Describe the organization’s processes for managing climate-related risks.	
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	
<b>Metrics and Targets</b>	
a) Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process.	<ul style="list-style-type: none"> <li>■ TCFD Report 2022, Page 38-44</li> <li>■ <a href="#">Climate Change Strategy and Target</a></li> <li>■ <a href="#">Integrated Sustainability Report 2022</a>, PDF page 180-183</li> <li>■ <a href="#">Greenhouse Gas Report 2022</a></li> <li>■ <a href="#">Net Zero</a></li> </ul>
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	

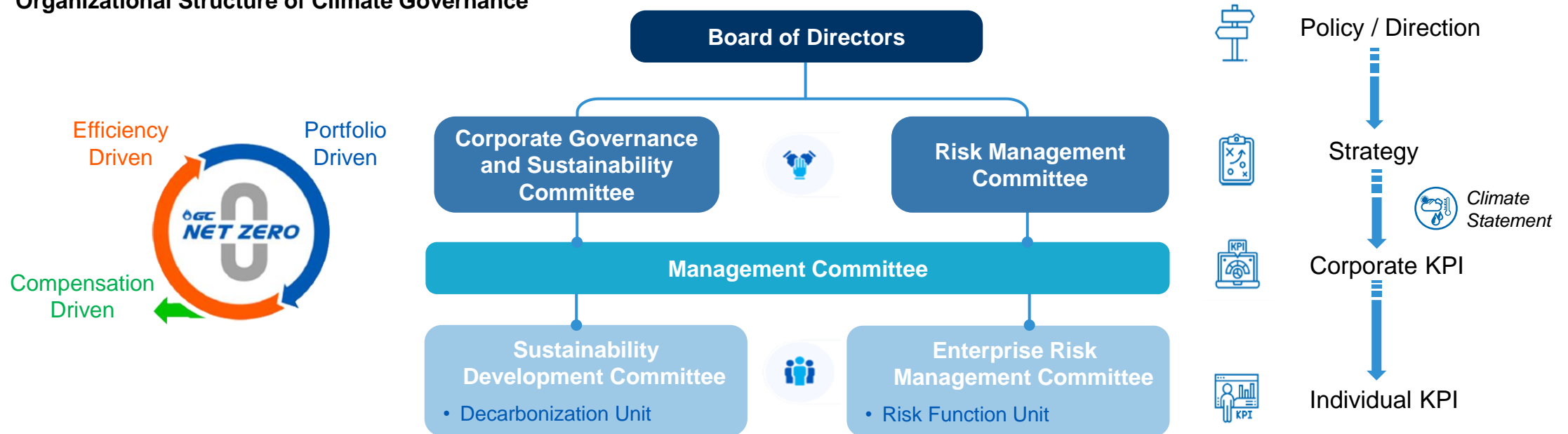


## 2. Governance

# Governance

Governance is a key component as investors, lenders, insurance underwriters, and other stakeholders must understand where the organization’s board stands and what role or action they will be responsible for in the overseeing of climate-related issues. This extends to their accountability for assessing and managing those issues. GC’s Board of Directors provides oversight of and supports in planning strategies, developing management approaches, and driving response measures for climate-related risks and opportunities in order to achieve maximum operational efficiency.

## Organizational Structure of Climate Governance



The Board of Director is responsible for the Climate Change and Greenhouse Gas Management Strategy and roadmap, which is proposed by the Risk Management Committee and Corporate Governance and Sustainability Committee. These committees report to the board. Within the TCFD, Integrated Sustainability Report, and public domains, a management structure is provided representing the management system and chain of communication. The organizational structure refers to the Enterprise Risk Management Committee and Sustainability Development Committee.

# a) Describe the Board’s Oversight of Climate-related Risks and Opportunities

Governing Body	Roles and Responsibilities	Meeting Frequency
<p><b>Board Chair</b></p>	<p>The Board Chair holds the most power and authority on the board of directors (BoD) and is responsible for ensuring that the business has a clear picture of its exposure to climate-related risks and opportunities associated with the transition towards a low carbon economy and the physical impacts of climate change on the organization. This is reflected through GC’s vision, missions, directions, and operational strategies which is endorsed by the board. The Board Chair is also responsible for reviewing the performance of executives under an efficient performance monitoring and evaluation system.</p> <p>The Board chair oversees the Corporate Governance and Sustainability Committee (CGS) and the Risk Management Committee (RMC) and governs the decision-making on climate-related issues.</p>	<p>As needed</p>
<p><b>Corporate Governance and Sustainability Committee (CGS)</b></p>	<p>The CGS reports directly to the BoD in accordance with the duties and responsibilities assigned to them. Climate-related issues that affect the whole company, including energy efficiency, alternative raw material sourcing, GHG mitigation, and GHG reduction targets, are evaluated and reviewed by the CGS.</p>	<p>Quarterly</p>
<p><b>Risk Management Committee (RMC)</b></p>	<p>The RMC is responsible for defining the direction of risk management guided by the risk appetite, risk policy, and five risk management frameworks: corporate, foreign exchange, price-and spread, subsidiaries, and investment. It is also tasked with monitoring and providing recommendations on the management of risks towards the achievement of GC’s strategic and business goals. BoD’s responsibility is to oversee corporate risk management by monitoring progress and RMC’s performance at least quarterly, and to report results to shareholders through GC Annual Report.</p> <p>The RMC is responsible for defining comprehensive key risk management policies and practices, which include climate-related risks. The RMC assesses and reviews risks, considering both internal and external factors, which may affect the achievement of our goals in order to ensure that appropriate measures to tackle climate change, which are also in line with our business context, have been put in place.</p>	<p>Quarterly</p>



## b) Describe Management’s Role in Assessing and Managing Climate-related Risks and Opportunities

Governing Body	Roles and Responsibilities	Meeting Frequency
<p><b>Management Committee (MC)</b></p>	<p>The MC is chaired by the CEO and comprises top executive at the management level. The MC is responsible for reviewing climate related risk/opportunity management performance and providing recommendations on further strategy or action plans.</p> <p>The MC also oversees the establishment and revision of sustainable development policies, approaches, goals, and operating guidelines according to GC’s sustainability strategy framework which include climate change management and circular economy management. The MC also supports the Sustainable Development Committee (SDC) in its duty to shape GC’s sustainability strategies and directions.</p>	<p>Bimonthly</p>
<p><b>Sustainability Development Committee (SDC)</b></p>	<p>The SDC was established to govern the strategic directions for the mitigation of climate change-related issues. These include GHG reduction target setting, refinement of project investment plans by emphasizing reducing greenhouse gas emissions, enhancing energy efficiency, and seeking an approach to use alternative energy in both GC’s production processes and offices, internal carbon price setting, eco-design in accordance with circular economy principle, Life Cycle Assessment analysis and collaborative partnership along the supply chain, especially with communities and consumers.</p> <p>Within the SDC, the ‘Decarbonization’ unit is responsible for monitoring and following up on the implementation progress of climate-related risk mitigation and adaptation measures and programs that lead to the achievement of GC’s Decarbonization Pathway and net zero ambitions.</p>	<p>Quarterly</p>

## b) Describe Management’s Role in Assessing and Managing Climate-related Risks and Opportunities

Governing Body	Roles and Responsibilities	Meeting Frequency
<p><b>Enterprise Risk Management Committee (ERMC)</b></p>	<p>The ERMC reports to the MC and is assigned to closely monitor risk management performance on a monthly basis. The ERMC was established to ensure that risk management measures are aligned with strategic management and company objectives under the company’s risk appetite and the RMC’s guidance. The ERMC members comprises executive officers from each business function who have accountability in risk governance and implementation, risk enforcement, and company-wide risk management.</p> <p>The ‘Risk Function’ unit under ERMC oversees the Corporate Risk Management and Internal Control System Department (S-RC). The S-RC reports directly to the Corporate Strategy Function Head and is independent from other business units and functional units. The S-RC is responsible for:</p> <ol style="list-style-type: none"> <li>1) Deployment of risk governance, policies, and frameworks as approved by the RMC;</li> <li>2) Monitoring of risk management progress and regularly reports to the risk committee at both the operational level (ERMC) and BoD level (RMC);</li> <li>3) Advising risk management to business units, functional unites, and subsidiaries; and</li> <li>4) Ensuring frameworks are in line with international standards and guidelines. GC implements the 3 Lines of Defense model.</li> </ol>	<p>Monthly</p>



### **3. Strategy**

# a) Describe the Climate-related Risks and Opportunities the Organization has Identified Over the Short, Medium, and Long Term

In line with the Paris Agreement which aims to limit global warming to well below 2°C from pre-industrial levels and pursue efforts to further limit warming to 1.5°C, we have developed and adopted the GC Net Zero Pathway with the ambition to achieve Net Zero emissions by 2050. To drive our ambition, GC's risk management team, strategy development team, environmental management team, and sustainability management team regularly assesses climate-related risks and opportunities and integrates results into our business strategy to mitigate and adapt to climate-related impacts.

In 2023, GC has conducted both physical and transition climate scenario analyses qualitatively and quantitatively by taking context-specific factors applicable to each of GC's assets into consideration to identify the possibility and severity of potential climate-related impacts.

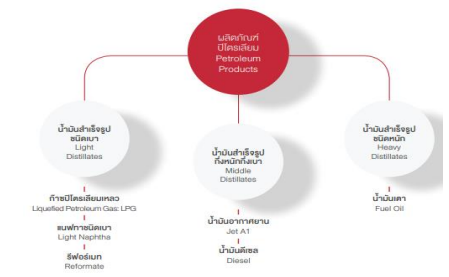
The temporal scope of our assessments was in line with the expected lifetime of our assets. We have defined 3 timeframes, which were used consistently throughout our analyses, as well as management measures, adaptation plans, and financial planning. The timeframes comprise short-term (base case - 2022), medium-term (2030), and long-term (2050).

The analyses cover our own operations, upstream (i.e., natural gas and crude oil suppliers, etc.), and downstream (i.e., key customers, etc.) value chain segments. The spatial scope of our assessment covers the majority of GC's assets which operates across four provinces in Thailand including:

- Rayong – Own operations; Critical tier 1 feedstock supplier (Upstream)
- Chonburi – Own operations
- Samut Prakan – Major client (downstream)
- Samut Sakhon – Major client (downstream)



Upstream (Raw Material – Natural Gas, Crude Oil)



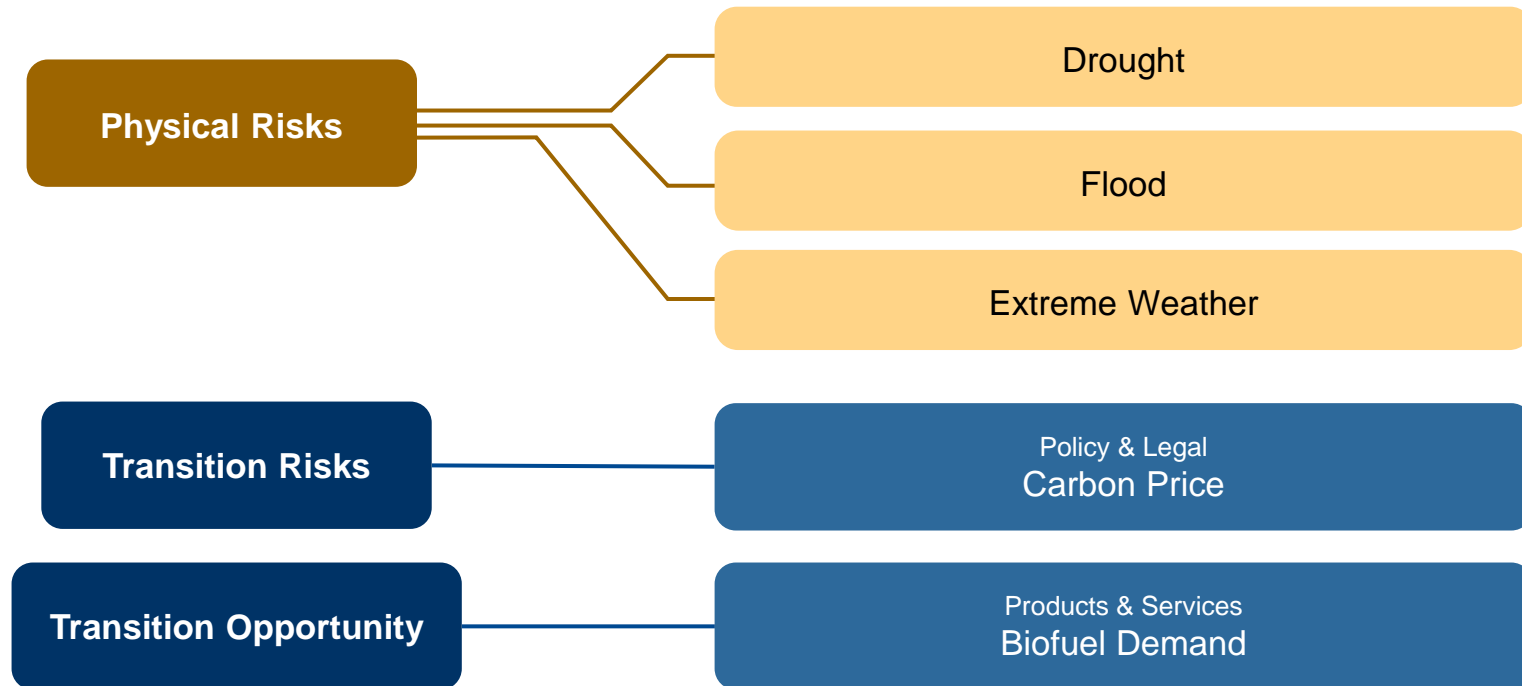
Own Operation and Downstream (Key Customers)



# Identified Risks and Opportunities in 2023

Summary of the transition risks and opportunities and physical risk drivers included in this year's scenario analyses. This year, after reviewing the previous year's physical scenario analysis, we concluded that the assessment results were still relevant to GC's context. Instead, we have updated our transition scenario analyses using two new scenarios for two drivers including carbon price and change in biofuel demand which is a new driver for this year.







Further details of the analyses are provided in subsequent sections.



# Physical Scenario Analysis

## Assessment Overview

Physical risks resulting from climate change can be event-driven (acute) or longer-term shifts (chronic) in climate patterns. Physical risks may have financial implications for companies, such as direct damage to assets and indirect impacts from supply chain disruption. Companies' financial performance may also be affected by changes in water availability, sourcing, and quality; food security; and extreme temperature changes/wind speed affecting companies' premises, operations, supply chain, transport needs, and employee safety.

Risk	Indicator	IPCC Scenario	Timeframe	Description / Criteria	Tool
<b>Drought</b>	Rainfall	RCP* 2.6, 4.5, 8.5	2030 - 2050	<ul style="list-style-type: none"> <li>The projection of rainfall data conducted by climate model CMIP 5** has been generated over Thailand and focus on Chonburi and Rayong Province</li> <li>Standard Precipitation Index (SPI) has been calculated and use as the factor to indicate drought and flood year</li> </ul>	 
<b>Flood</b>	Rainfall	RCP 2.6, 4.5, 8.5	2030 - 2050		
<b>Extreme Weather</b>	Rainfall Wind speed	RCP 2.6, 4.5, 8.5	2030 - 2050	<ul style="list-style-type: none"> <li>The projection of rainfall and wind speed data conducted by climate model CMIP 5 have been generated over Thailand and focus on Chonburi and Rayong Province (Upstream)</li> <li>The frequency of tropical cyclone categories 1-5 have been counted and projected</li> </ul>	   

Remark:

\*RCP – representative concentration pathway,

\*\*CMIP- Coupled Model Intercomparison Project

# Physical Scenario Analysis

## Assessment Scenarios

The following Representative Concentration Pathways (RCP) (i.e., scenarios, etc.) from the IPCC were included in our physical scenario analysis.

Scenarios	Description	Global Mean Temperature Change	Maintain at 2.0 C by 2050
RCP 2.6	<ul style="list-style-type: none"><li>• Mean Radiative forcing at earth surface is 2.6 W/m<sup>2</sup>;</li><li>• High effort on the implementation of decarbonization</li><li>• Medium intensity &amp; low frequency in extreme weather</li></ul>	1.6 C in 2050	Possible
RCP 4.5	<ul style="list-style-type: none"><li>• Mean Radiative forcing at earth surface is 4.5 W/m<sup>2</sup>;</li><li>• Medium effort on the implementation of decarbonization</li><li>• Medium intensity &amp; medium frequency in extreme weather</li></ul>	2.4 C in 2050	Possible, with high uncertainty
RCP 8.5	<ul style="list-style-type: none"><li>• Mean Radiative forcing at earth surface is 8.5 W/m<sup>2</sup>;</li><li>• Low effort on the implementation of decarbonization</li><li>• High intensity &amp; high frequency in extreme weather</li></ul>	4.3 C in 2050	Not Possible

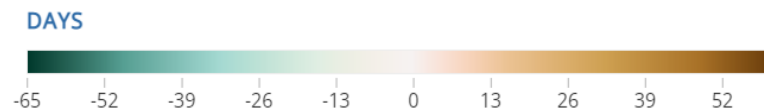
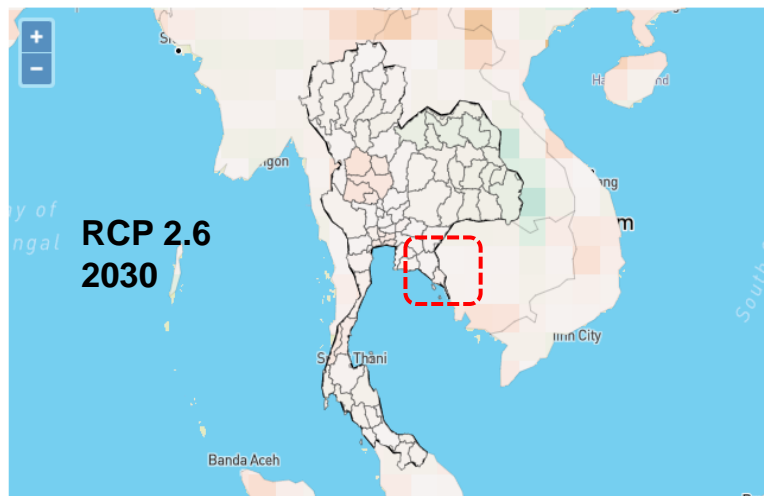
# Physical Scenario Analysis

## Qualitative Assessment: Drought

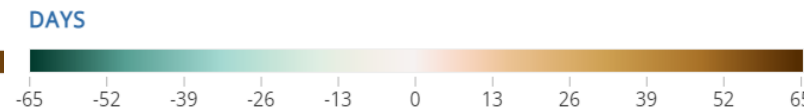
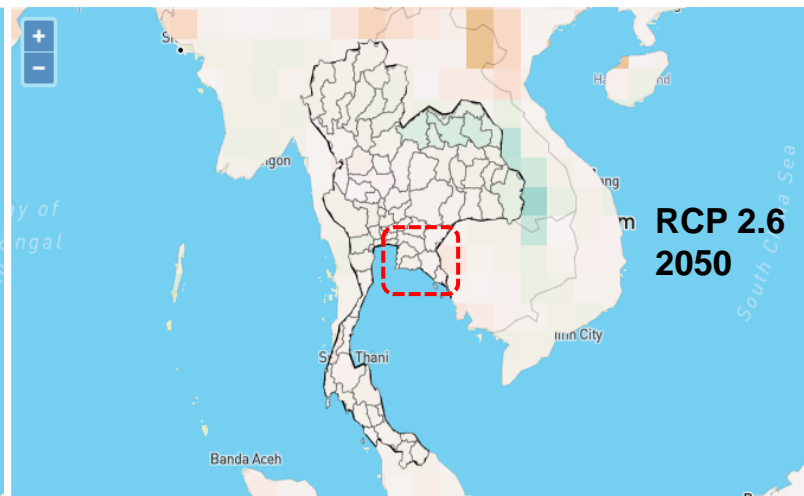
### Thailand: Projection of Consecutive Dry Days

<https://climateknowledgeportal.worldbank.org/>

Projected Max Number of Consecutive Dry Days Anomaly for 2020-2039 (Annual)  
Thailand; (Ref. Period: 1986-2005), RCP 2.6, Multi-Model Ensemble



Projected Max Number of Consecutive Dry Days Anomaly for 2040-2059 (Annual)  
Thailand; (Ref. Period: 1986-2005), RCP 2.6, Multi-Model Ensemble



The number of consecutive dry days is likely to decrease in long-term

Impacts on Business	Examples of Risks
<ul style="list-style-type: none"> <li>Existing water shortages and constraints on the water supply</li> <li>Insufficient water supply, worsening both severe harm and economic impact</li> </ul>	<ul style="list-style-type: none"> <li>The drought in 2020 and 2005 affected large swathes in the East, where three provinces as Chachoengsao, Chon Buri, and Rayong. Drought was likely to limit production, only 7% of water at Rayong reservoir. Luckily that the situation was recovered on time.</li> </ul>

Risk Score Color Key			
Higher Risk	Mod. Risk	Lower Risk	Limited

### Baseline

No.	Asset	Drought
1	Rayong: GC Operations, and GC's Suppliers	Higher Risk
2	Chonburi: GC Operation	Mod. Risk
3	Samutprakan: Customer	Higher Risk
4	Samutsakorn: Customer	Higher Risk

### RCP 2.6

No.	Asset	Drought	
		2030	2050
1	Rayong: GC Operations, and GC's Suppliers	Higher Risk	Higher Risk
2	Chonburi: GC Operation	Mod. Risk	Mod. Risk
3	Samutprakan: Customer	Higher Risk	Higher Risk
4	Samutsakorn: Customer	Higher Risk	Higher Risk

### RCP 8.5

No.	Asset	Drought	
		2030	2050
1	Rayong: GC Operations, and GC's Suppliers	Higher Risk	Higher Risk
2	Chonburi: GC Operation	Mod. Risk	Mod. Risk
3	Samutprakan: Customer	Higher Risk	Higher Risk
4	Samutsakorn: Customer	Higher Risk	Higher Risk



# Physical Scenario Analysis

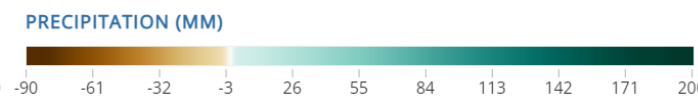
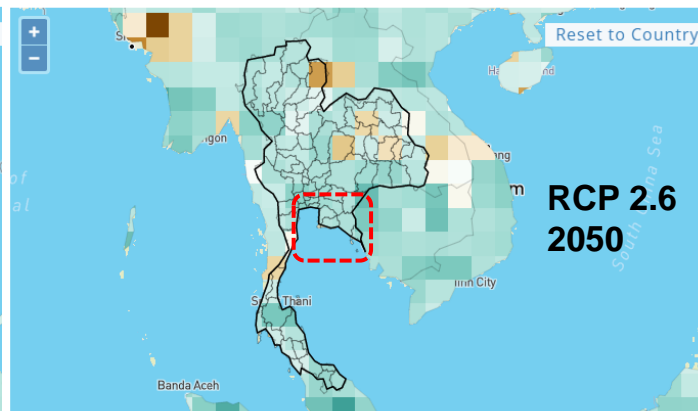
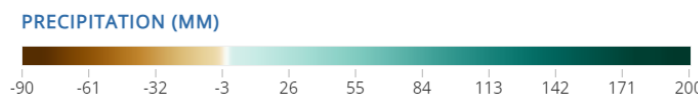
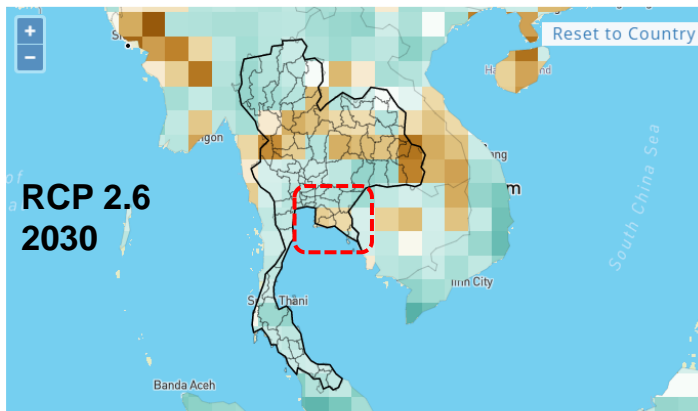
## Qualitative Assessment: Flood

### Thailand: Projection of Days with Heavy Rain

<https://climateknowledgeportal.worldbank.org/>

Projected Average Largest 5-day Cumulative Rainfall Anomaly for 2020-2039 (Annual)  
Chonburi, Thailand; (Ref. Period: 1986-2005), RCP 2.6, Multi-Model Ensemble

Projected Average Largest 5-day Cumulative Rainfall Anomaly for 2040-2059 (Annual)  
Chonburi, Thailand; (Ref. Period: 1986-2005), RCP 2.6, Multi-Model Ensemble



The heavy rain may increase and decrease in some areas in 2030 but increase in most areas towards 2050

Impacts on business	Examples of risks
<ul style="list-style-type: none"> <li>• <b>Damage to corporate assets</b> e.g., company inventory, vehicles, fixtures, and fittings, and valuable machinery. These instruments can be damaged and the loss is beyond repair cost.</li> <li>• <b>Severe flooding possibly disrupts</b> agriculture transportation as a valuable part of the supply chain.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>The 2011 floods in Thailand</b> is a powerful example. It caused <b>\$ 45 billion US dollars in damages</b> and Thailand GDP shrunk by 10%. The supply chain disruption of the floods was felt around the world: more than 800 companies affected.</li> </ul>

Risk Score Color Key			
Higher Risk	Mod. Risk	Lower Risk	Limited

### Baseline

No.	Asset	Riverine Flood	Urban Flood
1	Rayong: GC Operations	Higher Risk	Mod. Risk
2	Chonburi: GC Operation	Mod. Risk	Mod. Risk
3	Samutprakan: Customer	Higher Risk	Mod. Risk
4	Samutsakorn: Customer	Higher Risk	Mod. Risk

### RCP 2.6

No.	Asset	Riverine Flood		Urban Flood	
		2030	2050	2030	2050
1	Rayong: GC Operations	Mod. Risk	Higher Risk	Mod. Risk	Higher Risk
2	Chonburi: GC Operation	Mod. Risk	Mod. Risk	Mod. Risk	Mod. Risk
3	Samutprakan: Customer	Mod. Risk	Mod. Risk	Mod. Risk	Mod. Risk
4	Samutsakorn: Customer	Mod. Risk	Mod. Risk	Mod. Risk	Mod. Risk

### RCP 8.5

No.	Asset	Riverine Flood		Urban Flood	
		2030	2050	2030	2050
1	Rayong: GC Operations	Mod. Risk	Higher Risk	Higher Risk	Higher Risk
2	Chonburi: GC Operation	Mod. Risk	Mod. Risk	Mod. Risk	Mod. Risk
3	Samutprakan: Customer	Mod. Risk	Higher Risk	Mod. Risk	Higher Risk
4	Samutsakorn: Customer	Mod. Risk	Higher Risk	Mod. Risk	Higher Risk

# Transition Scenario Analysis

## Assessment Overview (1)

Transitioning to a lower-carbon economy may entail extensive changes to the business structure which is required to address mitigation and adaptation requirements related to climate change. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of business impacts to companies. Transition risks can be categorized into policy and legal, technology, market, and reputational risks.

To identify the drivers that are most significant to GC, we conducted an initial screening of all relevant transition drivers (Annex 3). From all the transition drivers included in the screening process, we selected one risk (carbon price) and one opportunity (biofuel demand) to further explore in this year's assessment.

Driver	TCFD Category	Driver Description	Rationale for Selection
Carbon price	Policy and Legal	The projection of carbon pricing under restrictions from future carbon policies.	As GC's businesses (Base Chemical, Derivatives & Bio-Chemicals, and Performance Chemicals) are energy-intensive, future implementations of carbon pricing mechanisms will directly impact GC's operating costs and consequently, revenue.
Biofuel Demand	Market	The demand for low-carbon products, including biofuels, is expected to increase as consumers are seeking to decarbonize and meet GHG reduction targets.	GC has targets to expand the Bio and Circularity segment of our operations by 35% by 2030.

# Transition Scenario Analysis

## Assessment Overview (2)

In 2023, we have updated our transition risk assessment by conducting both qualitative and quantitative analyses to understand the impacts of selected drivers under the IEA Stated Policies (STEPS) and IEA Net Zero Emissions by 2050 (NZE 2050) scenarios.

Scenarios	Description	Temperature Alignment	Maintain at 2.0 C by 2050
<b>STEPS</b>	Nationally Determined Contributions under the Paris Agreement, but much more besides. In practice, the bottom-up modelling effort in this scenario requires a lot of detail at the sectoral level, including pricing policies, efficiency standards and schemes, electrification programs as well as specific infrastructure projects.	Base case 2.6 °C in 2100	Not Possible
<b>NZE 2050</b>	A pathway for the global energy sector to achieve net zero CO <sub>2</sub> emissions by 2050, with advanced economies reaching net zero emissions in advance of others. The uptake of all the available technologies and emissions reduction options is dictated by costs, technology maturity, policy preferences, and market and country conditions.	1.5 °C in 2100	Possible

# Transition Scenario Analysis

## Qualitative Assessment: Heatmap

The heatmap represents the risk and opportunity associated with each driver in 2030 and 2050 timeframes and indicates the location of climate-related risks and opportunities for GC. As the STEPS scenario represents a ‘business-as-usual’ scenario that is expected to occur under current climate policies and action, a comparison between STEPS and NZE 2050 provides an indication of the risks and opportunities that may occur during the transition towards a low-carbon economy.

### Carbon Price

In 2030, there are moderate risks that can impact GC’s business from the implementation of a carbon tax mechanism. By 2050, the impacts expected by 2030 will increase and become more significant.

### Biofuel Demand






In 2030, the demand for biofuels presents a moderate opportunity in the medium-term but will gradually diminish in the long-term as traditional fossil fuels are phased out while the energy mix becomes more reliant on clean energy sources. The use of bioenergy (including biofuels) is expected to become standard. Therefore, the opportunity in the long-term will decrease.

Identified Transition Risk & Opportunity	GC	
	2030	2050
Carbon price		
Biofuel Demand		

Risk/Opportunity Score Color Key						
Higher Risk	Mod. Risk	Lower Risk	Limited	Lower Opp.	Mod. Opp	Higher Opp



## b) Describe the Impact of Climate-Related Risks and Opportunities on the Organization's Businesses, Strategy, and Financial Planning

Risk/ Opportunity	Physical Risk			Transition Risk	Transition Opportunity
Driver	 Drought	 Flood	 Extreme Events	 Carbon Price	 Biofuel Demand
Impact of Identified Risks to GC Business	Drought may result in the unavailability of adequate freshwater. This may lead to disruption of production and utilities.  Additionally, it may also increase the water sourcing cost as the plant requires to adopt more expensive alternate technologies.	Disruption of GC's operation resulted in revenue loss.  GC's critical 1 <sup>st</sup> tier feedstock supplier may delay delivery raw material but there is no significant impact to GC.	GC's design standard with a design margin of 10% can cope with maximum wind speed in Thailand.  No significant impact on GC assets.	As GC's businesses are energy-intensive, the implementation of a carbon tax/price mechanism will have significant impacts on GC's overall profitability.	Increase in demand for low carbon products and bioenergy (including biofuels) driven by the need for emissions reductions presents an opportunity for business growth.
Financial Implication	546.5 MTHB	16.7 MTHB	-	110,791 MTHB	87,000 MTHB per year

# Physical Risk Implications (1/2)

Risk/Opportunity Score Color Key						
Higher Risk	Mod. Risk	Lower Risk	Limited	Lower Opp.	Mod. Opp	Higher Opp

Identified Risk	Example of Risk Implication	Financial Impacts on GC Business*	Short-term	Medium-term	Long-term
<b>Drought</b>	<ul style="list-style-type: none"> <li>Drought may result in <u>unavailability of adequate fresh water both in quantity and quality</u>. This may lead to disruption of production, utilities and/or the personnel.</li> <li>Drought stress may <u>increase the water sourcing cost</u>, and may require the Plants to rely on more expensive alternate technologies such as desalination.</li> <li>Drought in the neighbouring communities may lead to shared water challenges, resulting in <u>impact on the communities' perception</u> towards the Plants</li> </ul>	<p><u>Assumption of drought in 2 months period</u></p> <p>Water Quantity</p> <ul style="list-style-type: none"> <li>If the water reduction in quantity approx. 30% of GC total water consumption, then no significant impact.</li> <li>If the water reduction approx. 40% of GC total water consumption may result in:                             <ul style="list-style-type: none"> <li>Plants shutdown leading to shading and financial loss 254 million THB*</li> <li>Plants slowdown leading to shading and financial loss 150 million THB*</li> </ul>                             Total impact = 404 million THB                         </li> <li>If the water reduction approx. 50% of GC total water consumption may result in:                             <ul style="list-style-type: none"> <li>Plants shutdown leading to shading and financial loss 387 million THB*</li> <li>Plants slowdown leading to shading and financial loss 149 million THB*</li> </ul>                             Total impact = 536 million THB                         </li> </ul> <p>Water Quality</p> <ul style="list-style-type: none"> <li>Also, when water stress in quantity occurs, the water quality usually is not proper to utilize directly in the operation and its treatment cost will be increased in term of additional chemical and electricity cost. The estimated cost impact is 10.5 million THB.</li> </ul>			
		<ul style="list-style-type: none"> <li>No impact on PTT GSPs (GC's critical 1<sup>st</sup> tier feedstock supplier)</li> </ul>			
		<ul style="list-style-type: none"> <li>No significant impact on GC customers</li> </ul>			

# Physical Risk Implications (2/2)

Risk/Opportunity Score Color Key						
Higher Risk	Mod. Risk	Lower Risk	Limited	Lower Opp.	Mod. Opp	Higher Opp

Identified Risk	Possible Risk Implication	Financial Impacts on GC Business*	Short-term	Medium-term	Long-term
<b>Flood</b>	<ul style="list-style-type: none"> <li>• <u>Inundation of assets</u>, utilities, infrastructures, facilities and increased land erosion</li> <li>• <u>Disruption/damage of infrastructure</u> and movement of personnel and goods</li> <li>• <u>Loss of property value</u></li> <li>• Personnel and infrastructure <u>safety</u></li> <li>• Increase of asset <u>insurance cost</u></li> </ul>	<u>Assumption of (water depth 1.5 m for 1 day)</u> <ul style="list-style-type: none"> <li>• Plant disruption 1 day resulted in revenue loss 0.53 million USD or 16.7 million THB. The calculation is based on the average revenue during Jan-May in the previous year)</li> <li>• Financial implication = revenue loss = 16.7 million THB</li> </ul>			
		<ul style="list-style-type: none"> <li>• GC's critical 1st tier feedstock supplier may delay delivery raw material but there is no significant impact to GC.</li> </ul>			
		<ul style="list-style-type: none"> <li>• There are 2 major customers and no significant impact on GC business</li> </ul>			

# Transition Risk Implications

Risk/Opportunity Score Color Key						
Higher Risk	Mod. Risk	Lower Risk	Limited	Lower Opp.	Mod. Opp	Higher Opp

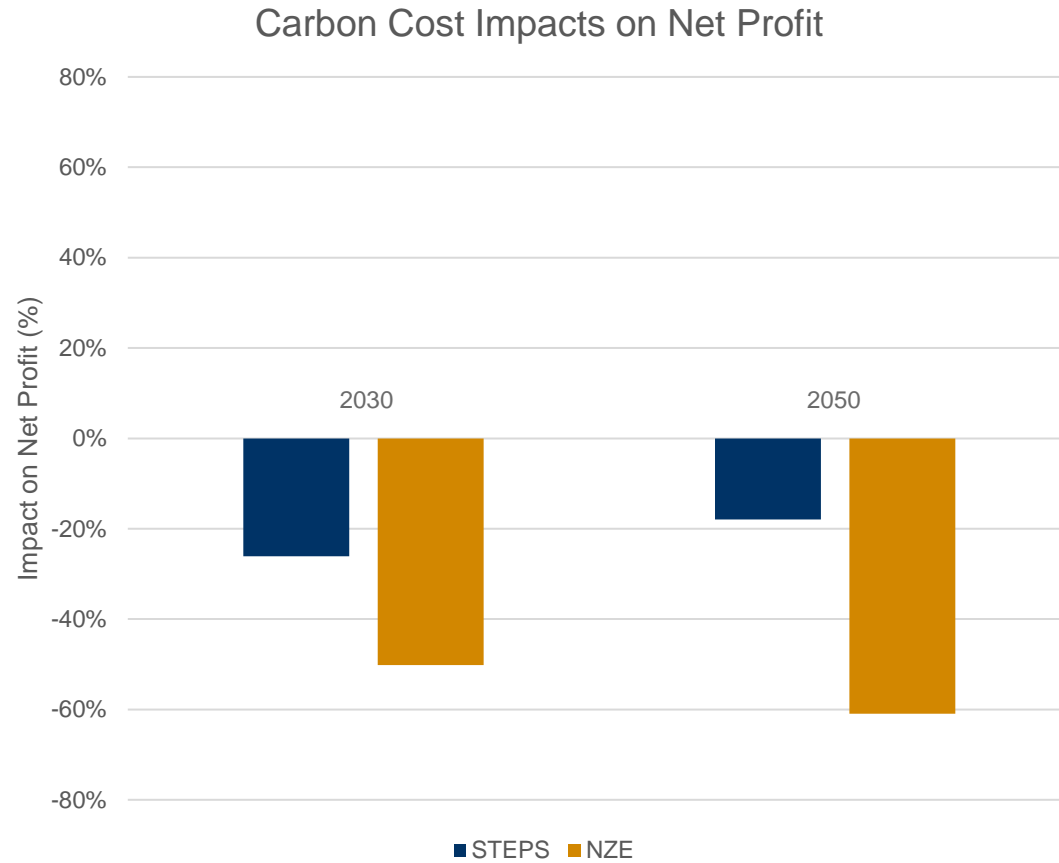
Identified Risk	Possible Risk Implication	Financial Impacts of Transition Risk on GC Business*	Short-term	Medium-term	Long-term																												
Carbon price	<ul style="list-style-type: none"> <li>Increased capital investment in upgrading facilities or transition</li> <li>Increased operating costs due to policy changes, such as compliance costs or insurance premiums</li> <li>Reduced profitability due to higher costs</li> </ul>	<p>GC included climate change regulations as one of GC’s corporate risk factor in the corporate risk assessment process conducted by the Enterprise Risk Management Committee. The additional costs arising from the implementation of carbon pricing regulations may be significant given GC’s operations are energy intensive. We have quantified the potential financial implications that may affect GC as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>STEPS</th> <th>NZE</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td colspan="4"><b>2030 (medium-term)</b></td> </tr> <tr> <td>Carbon Tax Cost (million THB)</td> <td>15,838</td> <td>30,457</td> <td>14,619</td> </tr> <tr> <td>Impact on Net Profit (%)</td> <td>-26%</td> <td>-50%</td> <td>-24%</td> </tr> <tr> <td colspan="4"><b>2050 (long-term)</b></td> </tr> <tr> <td>Carbon Tax Cost (million THB)</td> <td>32,622</td> <td>110,791</td> <td>78,169</td> </tr> <tr> <td>Impact on Net Profit (%)</td> <td>-18%</td> <td>-61%</td> <td>-43%</td> </tr> </tbody> </table> <p>As there are currently no carbon pricing regulations or carbon tax mechanisms in Thailand, there are no immediate impacts. We expect the implementation of a carbon tax mechanism starting in 2030.</p>		STEPS	NZE	Difference	<b>2030 (medium-term)</b>				Carbon Tax Cost (million THB)	15,838	30,457	14,619	Impact on Net Profit (%)	-26%	-50%	-24%	<b>2050 (long-term)</b>				Carbon Tax Cost (million THB)	32,622	110,791	78,169	Impact on Net Profit (%)	-18%	-61%	-43%			
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# Transition Scenario Analysis

## Semi-quantitative Assessment - Risk: Carbon Price

Driver	2030	2050
Carbon price		

Risk/Opportunity Score Color Key						
Higher Risk	Mod. Risk	Lower Risk	Limited	Lower Opp.	Mod. Opp	Higher Opp



The difference in the financial implications from the implementation of a carbon tax mechanism between STEPS and NZE 2050 was -24% in 2030 and -43% in 2050. The financial implications was calculated by applying the projected carbon costs from the IEA under the STEPS and NZE 2050 scenarios on GC's projected GHG emissions under a business-as-usual (base case) scenario to obtain carbon tax costs. The carbon tax costs was assessed against net profit to determine its impact on GC's profitability.

**Results Interpretation**

- In 2030, the impacts from the implementation of a carbon tax mechanism on GC's net profit is greater in NZE compared to STEPS
- In 2050, the impacts from the implementation of a carbon tax mechanism on GC's net profit in both scenarios are further increased with the greatest impacts expected in 2050 under the NZE scenario

# Opportunity Implications

Risk/Opportunity Score Color Key						
Higher Risk	Mod. Risk	Lower Risk	Limited	Lower Opp.	Mod. Opp	Higher Opp

Identified Opportunity	Possible Implication	Financial Impacts on GC Business*	Short-term	Medium-term	Long-term																												
Green Products (Biofuel Demand)	<ul style="list-style-type: none"> <li>• <u>Increase the competitive capacity</u> in the market</li> <li>• <u>Reduced operating costs</u> due to avoided carbon price/fee under the carbon related policy, such as compliance costs</li> <li>• <u>Increased long-term</u> revenues (all green products including biofuels)</li> </ul>	<p>Clean energy sources, including biofuels, are crucial resources in the transition towards a low-carbon economy by enabling large emissions reductions. Therefore, GC plans to increase investments in the development of green products and sustainability-driven solutions that provide sustainability value-added to users.</p> <p><b>The initial financial opportunity from green products is at least approximately 87 billion THB per year.</b></p> <p>In addition, the impacts will be larger over time because GC set the growth rate at +4% EBITDA per year.</p> <p>In the short-term, we identified <b>biofuels</b> as one of the green products that have the potential for growth. Therefore, we have quantified the potential financial opportunity arising from the changing market demands for biofuel as follows:</p> <table border="1"> <thead> <tr> <th></th> <th>STEPS</th> <th>NZE</th> <th>Difference</th> </tr> </thead> <tbody> <tr> <td colspan="4"><b>2030 (medium-term)</b></td> </tr> <tr> <td>Revenue* (million THB)</td> <td>17,916</td> <td>18,489</td> <td>573</td> </tr> <tr> <td>Impact on Revenue (%)</td> <td>4%</td> <td>8%</td> <td>4%</td> </tr> <tr> <td colspan="4"><b>2050 (long-term)</b></td> </tr> <tr> <td>Revenue* (million THB)</td> <td>18,270</td> <td>17,639</td> <td>631</td> </tr> <tr> <td>Impact on Revenue (%)</td> <td>1%</td> <td>-2%</td> <td>-3%</td> </tr> </tbody> </table>		STEPS	NZE	Difference	<b>2030 (medium-term)</b>				Revenue* (million THB)	17,916	18,489	573	Impact on Revenue (%)	4%	8%	4%	<b>2050 (long-term)</b>				Revenue* (million THB)	18,270	17,639	631	Impact on Revenue (%)	1%	-2%	-3%			
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\*Only includes revenue from Methyl Ester

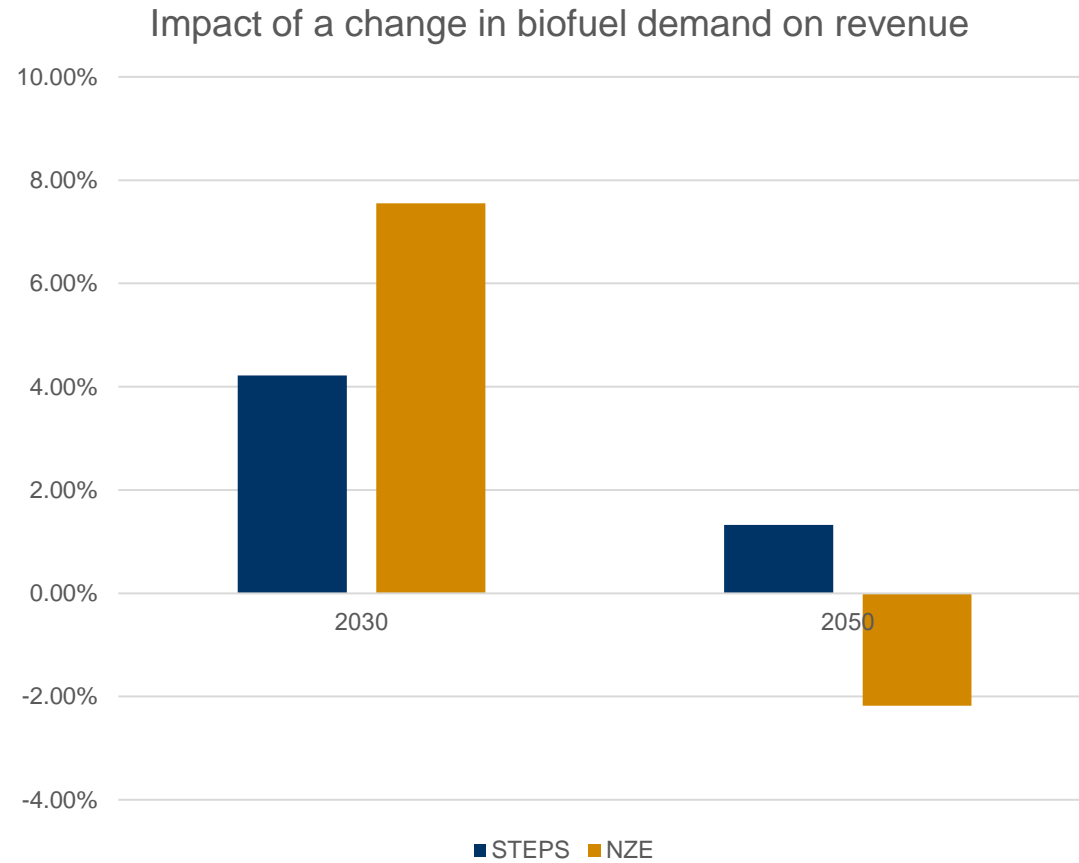


# Transition Scenario Analysis

## Semi-quantitative Assessment - Opportunity: Biofuel Demand

Driver	2030	2050
Biofuel Demand		

Risk/Opportunity Score Color Key						
Higher Risk	Mod. Risk	Lower Risk	Limited	Lower Opp.	Mod. Opp	Higher Opp



The financial implications from changes in biofuel demand (indicated by consumption) was identified as an opportunity arising from the transition towards a low-carbon economy. The difference in the potential opportunity quantified between STEPS and NZE was 4% in 2030 and -3% in 2050. This figure was calculated by projecting GC’s production of biofuels based on the year-on-year percentage change in liquid bioenergy consumption which was used as an indicator of demand. To quantify the associated financial implication that may arise from this opportunity, the revenue from the forecasted production of biofuels under each of the two scenarios was estimated.

Results Interpretation
<ul style="list-style-type: none"> <li>In 2030, there are some opportunities from biofuel, as reflected by growth in revenue, in both STEPS and NZE. The opportunity in NZE is greater than in STEPS</li> <li>In 2050, there are still some opportunities from biofuel in STEPS as the world is still transitioning towards a low-carbon economy. However, in NZE, biofuels are no longer an opportunity as new technologies that are more effective may become available thus decreasing the consumption and demand of biofuels.</li> </ul>

# C) Describe the Resilience of the Organization’s Strategy, Taking into Consideration Different Climate-related Scenarios, including a 2°C or Lower Scenario.

GC takes action to mitigate climate change impacts and increase the resiliency of the company which is fundamental to GC’s ability to achieve our Net Zero target. Therefore, we have identified and developed context-specific mitigation measures and adaptation strategies based on the type of impact identified from our scenario analyses and the potential severity of those impacts. Our mitigation and adaptation measures were developed by considering the “worse-case” scenario where greatest impacts are expected to occur. The direction of our mitigation and adaptation measures revolve around 4 key areas including: development of the climate change plan, investments in advanced technologies to enhance process efficiency, alternative energy utilization, and setting an internal carbon price.

Our scenario analysis study also serves as a tool to understand potential impacts from a low-carbon economy transition on our strategy. As a result, our downstream & green products businesses remain the most resilient.

Our Low-Carbon Transition Framework responds to the scenario consideration that embrace 3 pillars

- Efficiency-Driven: Maximizing efficiency across all assets and implementing new breakthrough technologies
- Portfolio-Driven: Portfolio adjustment to increase quality of earning, while adopting integrated circular economy concept
- Compensation-Driven: Capture & offset carbon using multiple approaches and technologies.



# Physical Management Measures and Adaptation Plan

Identified Risk	Management Measures and Adaptation Plan	Investment / Cost of Response
<p><b>Drought</b></p>	<p><b>Own Operation</b> GC launches the tangible water management practices within GC Group to ensure long-term sustainability of water supply, including water consumption plans based on 3Rs principle (Reduce, Reuse, Recycle) and increase in production capacity of the Wastewater Reverse Osmosis (WWRO) system. It also includes the plans to produce fresh water instead of withdrawal fresh water from natural sources, as measures and adaptation plan as follows.</p> <p><b>Internal management:</b></p> <ul style="list-style-type: none"> <li>• Installation Mobile Sea Water Reverse Osmosis (SWRO) at Refinery</li> <li>• Installation of pipeline system and projects around wastewater recycling</li> <li>• Improvements to other water related infrastructure, such as Wastewater Reverse Osmosis(WWRO), investment</li> <li>• Secured resource contract (higher price, increase OPEX ~8 MB/year at Refinery)</li> </ul> <p><b>External management:</b></p> <ul style="list-style-type: none"> <li>• Collaboration with PTT group to actively engage other key stakeholders to participate in Water War Room Rayong.</li> <li>• Collaboration with others in Map Tha Put Plant Manager Club*</li> <li>• Collaboration with neighbor communities to conserve watershed areas</li> <li>• Collaboration with Eastern Economic Corridor (EEC) for feasibility study of large capacity SWRO (200,000 liter/day) production.</li> <li>• There is also a possibility of external investor to invest for SWRO production.</li> </ul> <p>*Note that Map Tha Put Plant Manager Club (MTP PMC) comprised of many company in Map Tha Put industrial estate, RIL industrial estate, WHA industrial estate, Pa Deang industrial estate, Asia industrial estate, IRPC group and Map Tha Put Port Operating Companies. The objective of MTP PMC is to be the group for communication, support and exchange information. For example, the situation of water and mitigation plan for both drought and flood situation.</p>	<p style="text-align: center;"><b>300 million THB</b></p> <p>This measure and adaptation cost of response are implemented presently (less than 5 years).</p>

# Physical Management Measures and Adaptation Plan

Identified Risk	Management measures/ Adaptation Plan	Investment / Cost of Response
<p><b>Flood</b></p>	<p><b>Own Operation</b>  <b>Internal management (Prevention):</b></p> <ul style="list-style-type: none"> <li>• Sewer system survey and maintenance before raining season.</li> <li>• Site monitoring during heavy raining.</li> <li>• Study to build hard wall (consideration of applied historical flooding data about 2 times of historical raining rate 130 mm.)</li> <li>• Further design plant basis including historical peak raining rate.</li> </ul> <p>Mitigation</p> <ul style="list-style-type: none"> <li>• Sandbag and mobile pumps</li> </ul> <p><b>External management:</b></p> <ul style="list-style-type: none"> <li>• GC collaborates with PTT group to actively engage other key stakeholders to participate in Water War Room Rayong</li> <li>• Collaboration with others in Map Tha Put Plant Manager Club</li> <li>• Collaboration with neighbor communities to conserve watershed areas</li> </ul>	<p style="text-align: center;"><b>20 million THB</b></p> <p>This measure and adaptation cost of response is implemented presently (less than 5 years).</p>
<p><b>Drought and Flood</b></p>	<p><b>Supply Chain</b>  GC conducts water risk assessments (using tools such as Environmental Impact Assessment and Life Cycle Assessment) to identify relevant suppliers with high water-related risks, which are found to be PTT Gas Separation Plant, GPSC, and GLOW. As GC is the leader of PTT Group Water Management Team, we have developed knowledge-sharing sessions for suppliers and PTTEP group to synergize water consumptions and reduction goals that is external water management, water reduction application, and water discharge regulations. This synergy (which includes, engagement with the suppliers and training sessions, reporting, and disclosure of suppliers' water consumption) is then focused on the high-risk ranking group.</p> <p>Additionally, GC prepares mitigation actions and shredding ranking guidelines to minimize water consumption by 10-70% to alleviate impacts on business. These actions will be conducted internally and externally along the supply chain with the support of the management team.</p>	<p>This engagement cost is included in operational cost.</p> <p>This measure and adaptation cost of response is implemented presently (less than 5 years).</p>

# Transition Management Measures and Adaptation Plan

Identified Risk	Management Measures/Adaptation Plan	Investment / Cost of Response
Carbon Price	<p>GC has been conducting business with consideration of risks caused by climate change. Thus, GC has committed to strive to achieve the Net Zero target by 2050.</p> <p>GC focus on managing resources to achieve efficiency and sustainability based on Circular Economy. GC also implements technology in our operations in tandem with promoting stakeholder engagement. To mitigate these risks, GC has been conducting Decarbonization Pathways for approaches to reduce carbon emissions to reach the Net Zero goal by implementing business activities in three approaches which include Efficiency-Driven, Portfolio-Driven, and Compensation-Driven.</p>	<p><b>945 billion THB</b></p> <p>Estimated investment during 2021 – 2050</p> <ul style="list-style-type: none"> <li>• \$5 billion or 175 billion THB: GHG emission reduction               <ul style="list-style-type: none"> <li>• Efficiency-driven: investment in technology for energy efficiency improvement and low carbon power and heat/renewable.</li> <li>• Compensation-driven: invest in nature-based solutions and carbon capture and storage</li> </ul> </li> <li>• \$22 billion or 770 billion THB: Business portfolio evolution towards low carbon business               <ul style="list-style-type: none"> <li>• Portfolio-driven: Green products (e.g. bio-fuels and bio plastics) and recycled and upcycled products</li> </ul> </li> </ul>

# Transition Management Measures and Adaptation Plan

Identified Opportunity	Management Measures/Adaptation Plan	Investment / Cost of Response
<p>Biofuel Demand</p>	<p>Additionally, GC is well aware of the lower demand and price of fossil fuels due to the renewable energy trend and increasing demand for recycled and bio-based products. Therefore, GC plans to seize this opportunity by transforming its business portfolio to reflect a low-carbon business and increase investments in the development of low-carbon products, sustainability-driven solutions, and technologies that provide sustainability value-added to users. These bio-products include biofuels, bioplastics, recycled products, high-performance products, low-carbon products, and upcycled products. Below are the measures GC has put in place:</p> <ul style="list-style-type: none"> <li>• Invest in low-carbon process technology</li> <li>• Invest in capacity for green products such as bio-fuel, bio plastic</li> <li>• Invest in recycled products, high-performance product, low carbon products, upcycled products</li> </ul>	<p><b>770 billion THB (2021 – 2050) or 24.5 billion THB per year</b></p> <p>Estimated investment during 2021 – 2050</p> <ul style="list-style-type: none"> <li>• Total investment is \$22 billion or 770 billion THB: Business portfolio evolution towards low carbon business               <ul style="list-style-type: none"> <li>• Green products such as bio-fuel, bio plastic</li> <li>• Recycled and upcycled products</li> </ul> </li> </ul>





## 4. Risk Management

# a) Describe the Organization's Processes for Identifying and Assessing Climate-related Risks.

1. Identification Process	2. Assessment Process	3.1 Process Applied to Physical Risks
<p><b>Functions:</b> Heads of Business Units (BU), Heads of Support Functions (SF)</p> <p><b>Processes:</b> Identification and assessment of climate-related risks and opportunities across GC assets to determine situations or scenarios. A Risk Coordinator (RC) in each unit will aggregate the risks from the dedicated Risk Owners in the SFs and BUs: Climate-related risks are identified (and assessed) in different departments: Technology and innovation, Strategy, Markets/Business, Legal, Investor relations, and stakeholders expectation.</p>	<p><b>Functions:</b> Enterprise Risk Management Coordinator</p> <p><b>Processes:</b> Risks and opportunities assessments are conducted <b>on a yearly basis</b> in order to forecast and budget the process. All risks and opportunities are analyzed. Risks and opportunities that deviate from set targets and planned/forecast EBITDA or net income above 2% would be considered substantive and are further assessed. All opportunities and risks are then analyzed and prioritized by the Enterprise Risk Management Coordinator. Risk mitigation and adaptation measures are developed and implemented as necessary. GC also conducts scenario analyses on climate-related risks and opportunities (separate from the traditional risks and opportunities assessment outlined above) in response to the shift towards a low-carbon economy.</p>	<p><b>Functions:</b> Risk-related units and departments, Business and Support Function Units at asset level</p> <p><b>Processes:</b> The physical risks and opportunities from natural disasters are monitored and managed continuously. Risks and opportunities are communicated to the Risk Coordinators monthly.</p>
		3.2 Process Applied to Transition Risks/Opportunities
		<p><b>Functions:</b> Enterprise Risk Management Committee (ERMC), Management Committee (MC), Risks Management Committee (RMC)</p> <p><b>Processes:</b> The RMC is responsible for the establishment of the policy and risk management framework as well as monitoring and providing recommendations on the implementation of the risk management framework. Risks that are associated with corporate strategy (e.g. legal and market risks) are brought to the attention of the ERMC on a monthly basis, then the MC (chaired by the CEO), before being brought to the RMC for acknowledgment or approval on a quarterly basis.</p>

## b) Describe the Organization's Processes for Managing Climate-related Risks

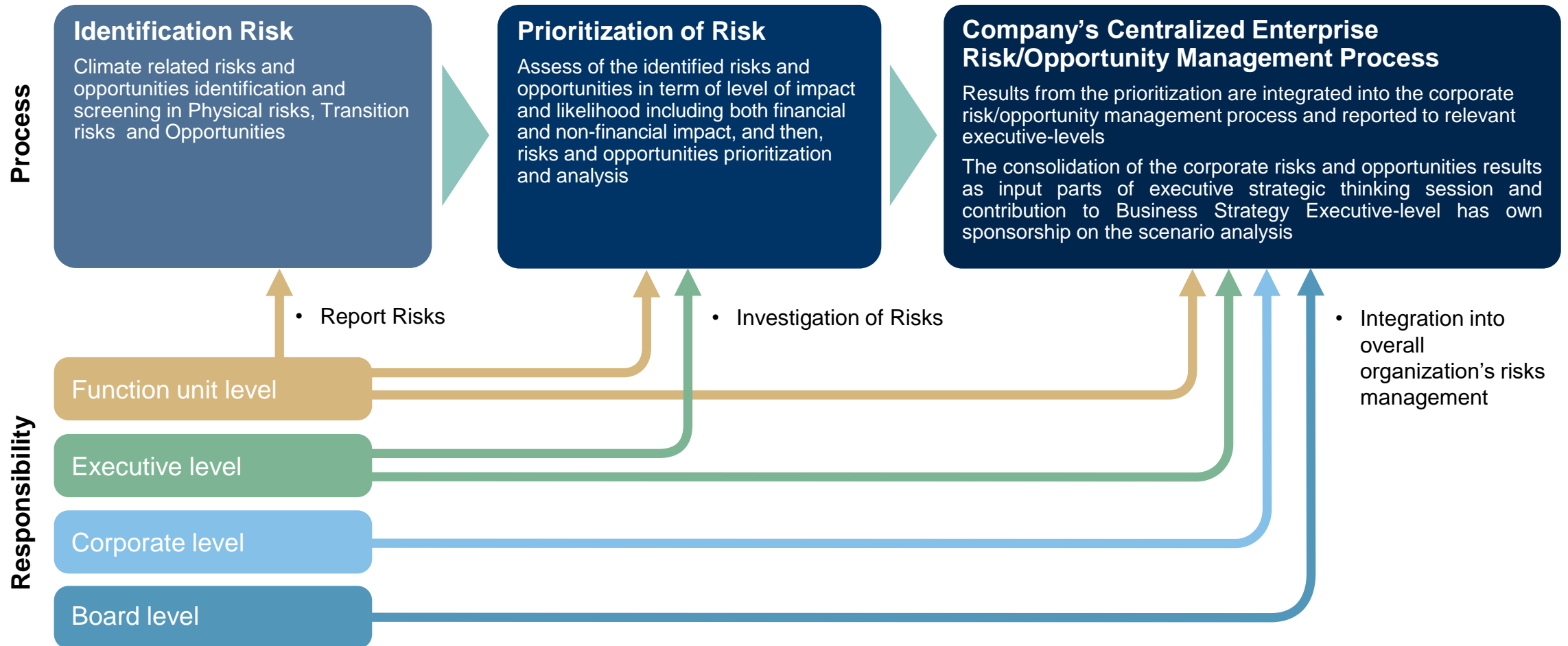
GC established an Enterprise Risk Management framework according to the international standard of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), the International Organization for Standardization's ISO 31000.

- The objective of the risk management framework and guidelines that GC has established is to systematically manage risks associated with climate change throughout the organization.
- This management scheme is also integrated into GC's policies, rules, and standards related to governance, risk management, internal control, and compliance, to incorporate climate-related risk management into GC's internal management so as to protect and create sustainable value for the organization. Such initiatives are extended to GC's subsidiaries and suppliers through conducting executive workshops and communicating with employees to build a risk management culture.

GC continuously promotes a risk management culture throughout the organization to ensure stable and sustainable growth. GC develops a risk culture guideline and enforces it throughout the organization. There are six components, which are Risk Governance, Leadership, Risk Structure, Risk Technique, Risk Communication, and Risk Management Knowledge.



# c) Describe how Processes for Identifying, Assessing, and Managing Climate-related Risks are Integrated into the Organization's Overall Risk Management.



# Integration of Climate Change Risks & Opportunities in Company-Wide Risk Management

GC has analyzed various internal and external risk factors that may occur in its business operations, both in the short-term and long-term. This includes the importance of emerging risk factors that may cause a significant impact on the company and/or industry during the next 3-5 years from the Early Warning System, to determine energy management strategies and climate change. Guided by the TCFD with a climate change action plan, GC is investing in cutting-edge technology to increase production efficiency and use renewable energy. In addition, GC has determined its own internal carbon price. In this analysis, financial loss or gain above 2% of EBITDA is considered as a substantial financial impact. However, this value is not only used during prioritization. Considering the combination of the magnitude of this financial impact with the probability of the event occurring, scenarios with low financial impact, but high probability might also be classified as high-risk scenarios.

GC has clearly defined policies, targets, and key performance indicators (KPIs) to reduce greenhouse gas emissions within its organization for the short-term, medium-term, and long-term. These are in line with efforts to reduce the impacts of international climate change around the world, such as Thailand's Greenhouse Gas Reduction Goals (NDCs), targets under the Paris Agreement from the 21st session of the United Nations Convention on Climate Change (COP21), the United Nations Sustainable Development Goals 7 and 13 (UN SDGs), the CDP and the Community Alignment Programmed, along with consumer influence on the supply chain, to move towards responsibility for product development according to circular economy principles.

If global carbon emissions are not effectively controlled, climate volatility will occur, in the form of droughts, floods, and an increase in the frequency and intensity of storms. In addition, rising sea levels and increasing heat waves can pose a significant risk to GC's businesses and the value chain of GC's business partners. GC has prepared various measures to mitigate and cope with such impacts





## 5. Metrics and Targets

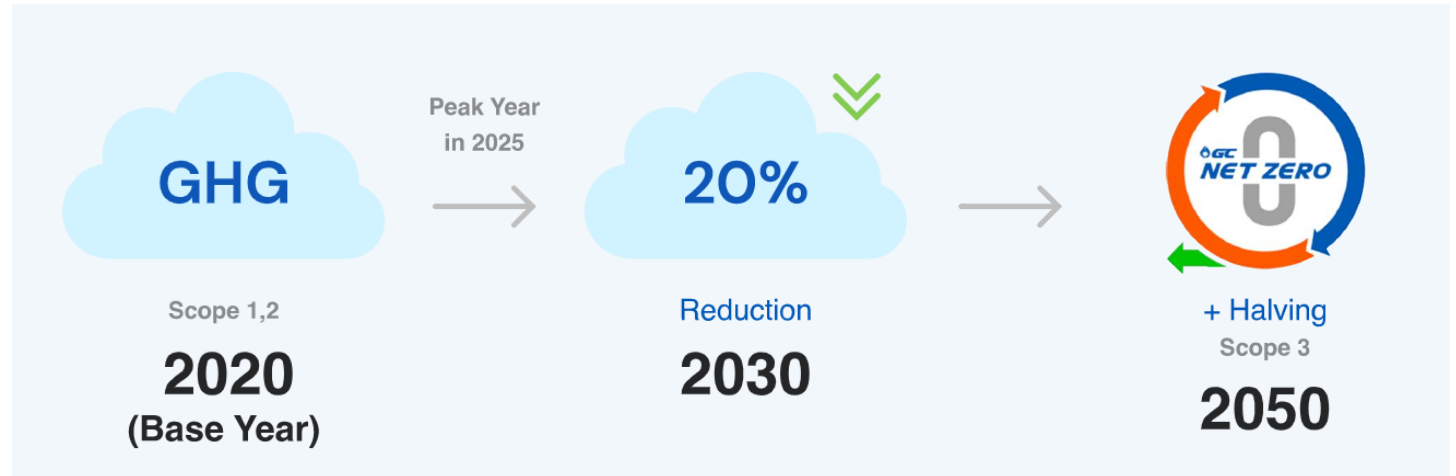


# Metrics and Targets




GC aspires to be the leading international chemical company that harnesses innovation and environmentally friendly technology in striving towards becoming the role model organization that develops and sustainably grows with determining responsibility to the environment, society, and economy in which we are present. Through operational excellence, transparency, and continuous innovation development, we are committed to building trust with the stakeholders by reporting climate-related metrics and targets below.

In addition, GC leverages its position as an environmentally-friendly business by striving to become the leading manufacturer of low-carbon products through our long-term Climate Strategy Plan which focuses on reducing negative environmental impacts.



# a) Disclose the Metrics Used by the Organization to Assess Climate-related Risks and Opportunities in line with its Strategy and Risk Management Process.

 Key Metrics
<b>Direct GHG Emissions</b> (Scope 1 - MtCO <sub>2</sub> equivalent)
<b>Market-based energy indirect</b> (Scope 2) GHG emissions (MtCO <sub>2</sub> equivalent)
<b>Location based energy indirect</b> (Scope 2) GHG emissions (MtCO <sub>2</sub> equivalent)
<b>Other relevant indirect GHG emission</b> (scope 3)* (MtCO <sub>2</sub> equivalent)

## Methodologies and Standards

1. American Petroleum Institute Compendium of Greenhouse Gas Emissions Methodologies for the Oil and Natural Gas Industry, 2009
2. IPCC Guidelines for National Greenhouse Gas Inventories, 2006
3. ISO 14064-1
4. Thailand Greenhouse Gas Management Organization: The National Guideline Carbon Footprint for organization
5. The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)
6. GC provides incentives through monetary rewards linked to the achievement of the corporate KPI (GHG emissions). The incentives are available for the CEO, Corporate executive team, all employees for the emissions reduction target

Remark: \* GHG scope 3 covers 9 categories, including Purchased goods and service, Capital goods, Upstream transportation and distribution, Waste generated in operations, Business travel, Downstream transportation and distribution, Processing of sold products, Use of sold product and End-of-life treatment of sold product.

## b) Disclose Scope 1, Scope 2, and, if Appropriate, Scope 3 Greenhouse Gas (GHG) Emissions, and the Related Risks.

Data performance period from 1st January to 31st December 2022

The total GHG emissions by scope within GC organizational boundary are as follows.

Emission Scopes (as defined within ISO 14064-1:2006)	GHG Emissions (million tons CO <sub>2</sub> equivalent)				
	2018	2019	2020	2021	2022
Direct GHG Emissions (scope 1)	6.08	6.10	5.88	6.74	6.46
Market-based energy indirect (scope 2)	1.92	2.14	1.98	2.22	2.12
Location based energy indirect (scope 2)	0.01	0.013	0.02	0.02	0.02
Other relevant indirect GHG emission (scope 3)*	10.00	11.00	11.03	36.92	34.72

Remark: \* GHG scope 3 covers 9 categories, including Purchased goods and service, Capital goods, Upstream transportation and distribution, Waste generated in operations, Business travel, Downstream transportation and distribution, Processing of sold products, Use of sold product and End-of-life treatment of sold product.

# c) Describe the Targets Used by the Organization to Manage Climate-related Risks and Opportunities and Performance Against Targets.

## Direct targets

### Climate Strategy

Reduce **GHG emissions** (scope 1 and 2) **20% by 2030** (based year 2020)

### Climate Strategy

Achieve **net-zero emissions** (scope 1 and 2) **by 2050** and reduce GHG emissions by **50%** for **scope 3** by 2050.

## Indirect targets

### Energy Management:

- Energy **efficiency performance** of plants under GC Group to achieve **Top Quartile Performance** in Benchmarking.
- Accumulative **energy reduction consumption** by **16.95 million GJ** by 2030

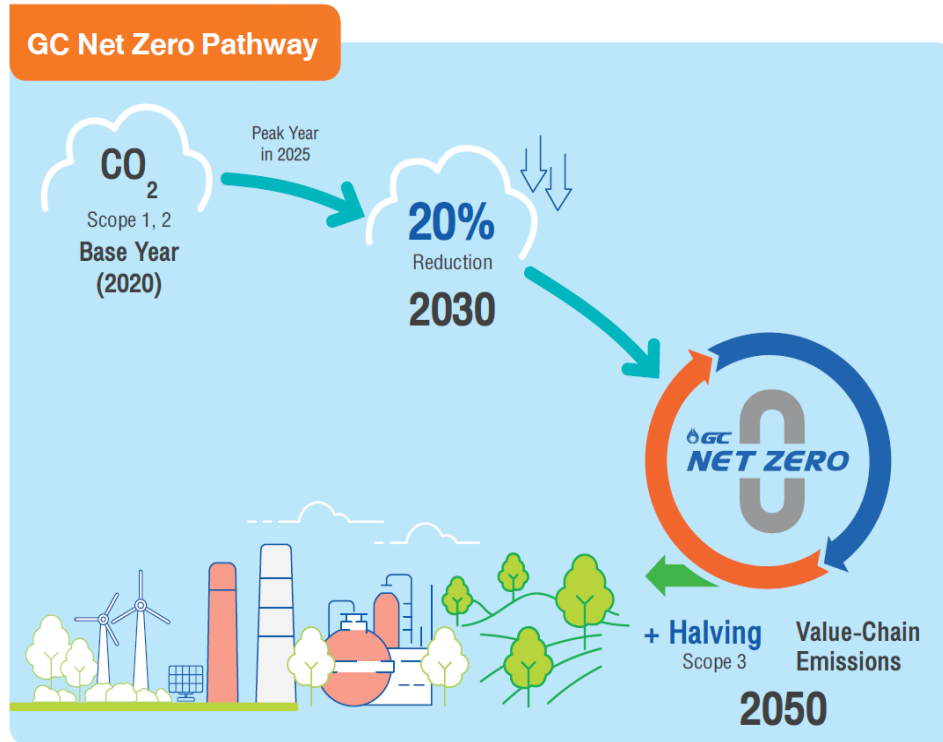
### Low Carbon Portfolio

- Restructure portfolio by transforming **40 percent of long-term adjusted EBITDA** into **net zero businesses** by 2030
- Expand proportion of **high-performance products and eco-products** to **30 percent of total products** by 2030

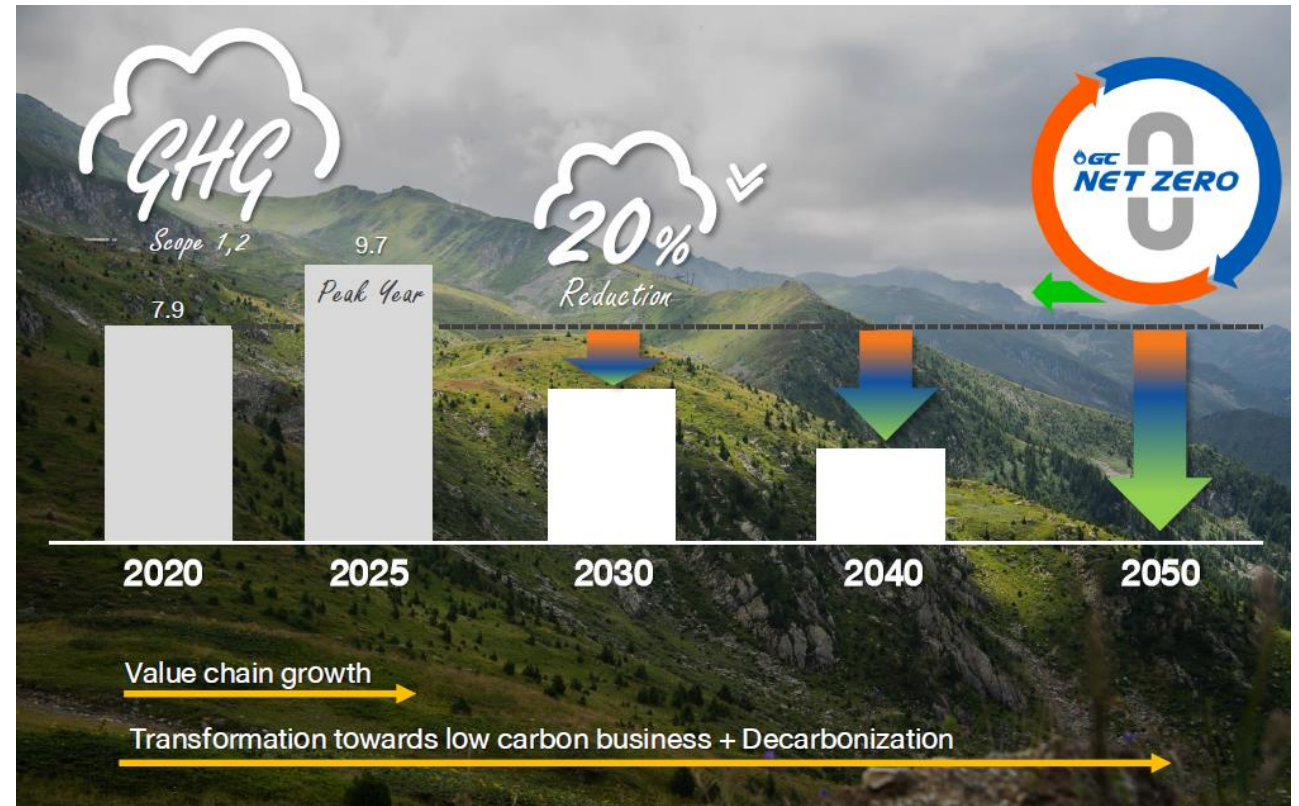
### Capture and Offsetting

- Capture **6.30 million tons of carbon** by **CCUS technology** in 2050
- Offset **0.80 million tons of carbon** through **nature-based solutions** in 2050

# Net Zero Pathway



GC has set a voluntary goal of a 20% reduction in GHG emissions (scope 1 and 2) by 2030, from 2020 base-year emissions. These actions will contribute to the bigger picture of Climate Uplifting which is Thailand's commitment to 20% of GHG emissions reduction by 2030. By 2050, GC aims to achieve Net Zero for Scopes 1 and 2.



## Annual Performance

Performance Indicator	2021	2022	Annual Target	% Reduction from 2021
GHG Emissions Scope 1 & 2 (Mt CO <sub>2</sub> e )	8.98	8.60	8.60	4.23%





# Roadmap for Net Zero

To achieve Net Zero, GC has been conducting Decarbonization Pathways for approaches to reduce carbon emissions to reach the Net Zero goal by implementing business activities in three approaches which include: Efficiency-Driven, Portfolio-Driven, and Compensation-Driven.

## Efficiency-driven:

Smart Operating

 Operational Efficiency  
Flaring Reduction

 Low Carbon Power: Renewables, H<sub>2</sub>  
Low Carbon Heat

## "Responsible Production"




## Portfolio-driven:

Responsible Caring

 Portfolio Transition to Low Carbon  
- High Value Businesses (HVB)  
- Green Businesses  
- Recycling & Circularity  
- Monetization / Divestiture  
Value-added Applications / Upcycling

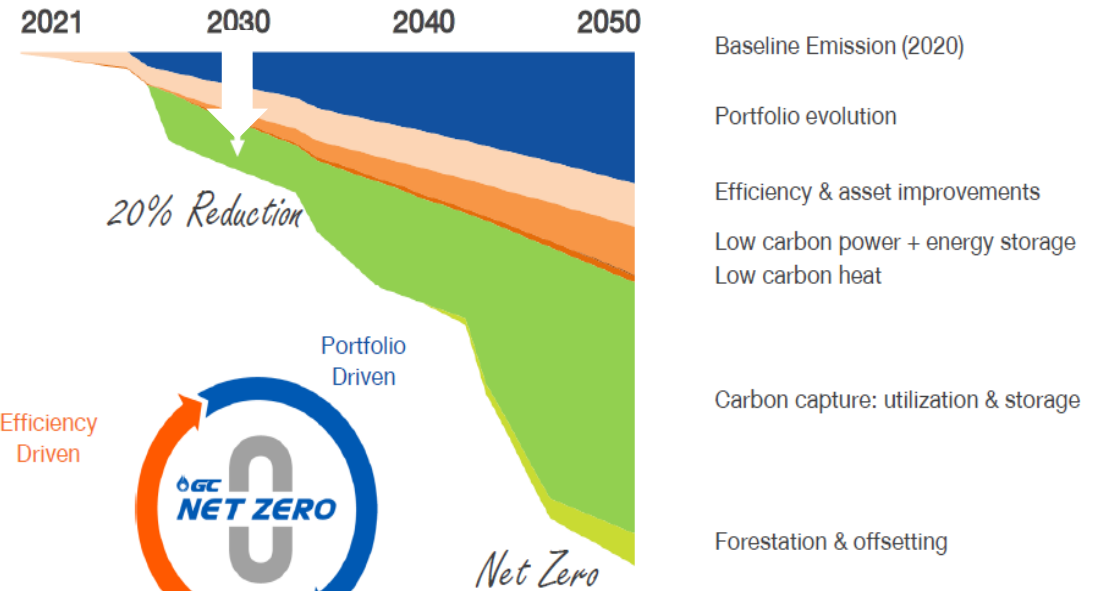
## "Offer the Best"

Loop Connecting

 Waste Management Ecosystem  
- Awareness Enhancement  
- Collection & Management Platform  
Mechanical & Chemical Recycling

## "Stop the Waste"

 GC  
Circularity



Estimated level of investment  
(2021-2050)

**5<sup>++</sup>**  
Billion USD

Reduce / eliminate GHG

**22<sup>++</sup>**  
Billion USD

Growth with portfolio adjustment  
towards low carbon business



# **Annex 1: Global Standard on Responsible Climate Lobbying**

# Responsible Climate Lobbying

PTT Global Chemical Public Company Limited or GC is committed to participate and engage responsibly through our contributions as we grow our business by balancing our impact on Thailand's economy, society, and environment. To help achieve this, we contribute to national and international associations that support industries and the country in improving economic, environmental, and social dimensions for sustainable growth.

GC contributes to associations and organizations to help them in their mission of creating and supporting public policies and regulations. These associations and organizations assist policymakers by sharing information from external sources, research, and visions regarding sustainable growth for Thailand, different industries, health and safety, reducing environmental impact, and implementing the United Nations Sustainable Development Goals (SDGs).

GC, in support of the Paris Agreement, aims to achieve net zero emissions by 2050 by driving our decarbonization pathway through three pillars: efficiency-driven, portfolio-driven, and compensation-driven. To ensure that our contributions support the delivery of Thailand's NDC and the Paris Agreement, GC has established effective governance and oversight processes. GC's management system for contribution is in place and aligned with the UNGC's [Guide for Responsible Corporate Engagement in Climate Policy](#).

# Policy and Commitment

No.	Framework Indicator	GC Actions
1	Make a public commitment to align all of its climate change lobbying with the goal of restricting global temperature rise to 1.5°C above pre-industrial levels	<p>GC commits to conduct all climate change-related activities, including climate lobbying, in alignment to Thailand’s NDC and the Paris Agreement.</p> <p>GC also commits to achieve Net Zero emissions by 2050 with the goal of restricting global temperature rise to 1.5°C above pre-industrial levels. Our net zero commitments have been communicated internally and externally and is also included in our <a href="#">‘Quality, Security, Safety, Occupational Health, Environment and Business Continuity (QSHEB) Policy’</a>.</p>
2	Apply the scope of this commitment to all of its subsidiaries and business areas, and all operational jurisdictions	GC’s climate-related policies and climate strategy is applicable to all of GC’s subsidiaries, jurisdictions, and business areas.
3	Publicly commit to taking steps to ensure that the associations, alliances and coalitions of which it is a member conduct their climate change lobbying in line with the goal of restricting global temperature rise to 1.5°C above pre-industrial levels	GC contributes to associations and organizations to help them in their mission of creating and supporting public policies and regulations. These associations and organizations assist policymakers by sharing information from external sources, research, and visions regarding sustainable growth for Thailand, different industries, health and safety, reducing environmental impact, and implementing the United Nations Sustainable Development Goals (SDGs). The activities of the associations and organizations support the achievement of Thailand’s NDC and the Paris Agreement.

# Governance (1)

No.	Framework Indicator	GC Actions
4	Assign responsibility at board level for oversight of its climate change lobbying approach and activities	The Corporate Governance and Sustainability Committee (CGS) oversees the Management Committee (MC) which provides progress and updates from the Sustainability Development Committee (SDC). The CGS monitors and oversees progress against goals and targets for addressing climate-related issues. Approval for climate-related actions, including climate change lobbying, is also determined by the CGS. Therefore, the CGS is accountable for reviewing and implementing the management system for climate change-related lobbying activities and trade association memberships.
5	Assign responsibility at senior management level for day-to-day implementation of its climate change lobbying policies and practices	At the management level, the SDC was established to govern the strategic directions for the mitigation of climate change-related issues. One of SDC's responsibilities is to ensure that measures, policies, and strategies for the organization and its partners are aligned. This includes ensuring all climate change lobbying policies and practices that GC engages in must also reflect GC's overall visions and net zero ambition. SDC also reports the progress and implementation results to the MC and Group Management Committee (GMC). The final summarization will be reported to the CGS to oversee and provide recommendations for the next steps.
6	Establish an annual monitoring and review process to ensure that all of its direct and indirect climate change lobbying activities across all geographies are consistent with the goal of restricting global temperature rise to 1.5°C above pre-industrial levels	<p>GC conducts a quarterly monitoring and review process to assess whether public policy engagements and lobbying are aligned with the Paris Agreement for all direct lobbying activities and trade associations we are involved in.</p> <p>Internally, GC's climate lobbying activities must be approved by the board where a review process is conducted to ensure that all direct and indirect activities across all geographies are consistent with Thailand's NDC and Paris Agreement.</p> <p>Externally, within each trade association and organization that GC contributes to, GC is involved in the development of a monitoring and evaluation system which is focused on ensuring that the activities of these trade associations and organizations are consistent with Thailand's NDC and the Paris Agreement.</p>

# Governance (2)

No.	Framework Indicator	GC Actions
7	Establish a process for engaging with stakeholders related to setting and reviewing its climate change lobbying policies, positions and activities	<p>GC regularly engages with our stakeholders involved in climate-related policies and activities including our suppliers, customers, government representatives as well as industry peers and trade association and organization members to review our climate change-related policies, positions, and activities.</p> <p>GC works closely with government institutions as a part of the working team including being a part of the Climate Change steering committee of the Federation of Thai Industries (F.T.I), being a part of the Ministry of Foreign Affairs, Kingdom of Thailand, and a part of the Ministry of Finance. These institutions continuously perform programs related to engaging with stakeholders to support them in comprehending expectations from financial institutions, including customer trends, on climate change that will lead to setting and understanding of climate change lobbying positions and activities.</p>
8	Establish a clear framework for addressing misalignments between the climate change lobbying positions adopted by the associations, alliances and coalitions of which it is a member and the goal of restricting global temperature rise to 1.5°C above pre-industrial levels	<p>Through regular engagements and review of the trade association or organization's activities with other members, GC ensures that the organizational objectives amongst trade association and organization members as well as the objectives of the trade association or organization are aligned with Thailand's NDC and the Paris Agreement.</p> <p>We have a clear framework for addressing misalignments in place. If misalignments are identified, discrepancies are addressed through extensive discussions and engagements with involved parties. Moreover, GC will reconsider and reassess its position in the trade association or organization and may distance the company from the misalignment if necessary to ensure alignment to Thailand's NDC and the Paris Agreement.</p>



# Action

No.	Framework Indicator	GC Actions
9	<p>Publish a detailed annual review covering the company's assessment and actions related to the 1.5°C-alignment of:</p> <p>(a) its own climate change lobbying activities;</p> <p>(b) the climate change lobbying activities of the associations, alliances, coalitions or thinktanks of which it is a member or to which it provides support</p>	<p>GC regularly reviews climate change lobbying activities, at least on an annual basis, to ensure that alignment to Thailand's NDC and the Paris Agreement. As part of the review process, GC engages with stakeholders and trade association and organization members to monitor policies and activities.</p> <p>Results of the review indicated that there were no misalignments between the climate lobbying activities conducted by the trade associations and Thailand's NDC or the Paris Agreement. All of GC's climate change-related actions, including climate lobbying, is approved by the board through the CGS.</p>
10	<p>Recognise the existence of and report on action to address any misalignments between its climate change lobbying and/or the climate change lobbying activities of its trade associations, coalitions, alliances or funded thinktanks and the goal of limiting global temperature rise to 1.5 °C above pre-industrial levels</p>	<p>GC has not identified any misalignments between our climate change lobbying and/or the climate change lobbying activities of the trade associations and Thailand's NDC or the Paris Agreement.</p>
11	<p>Create or participate in coalitions that have the specific purpose of lobbying in support of the goal of restricting global temperature rise to 1.5°C above pre-industrial levels</p>	<p>GC proactively participated in discussions on environmental and climate change policies with the government to promote projects and initiatives that support Thailand's low carbon economy transition in line with Thailand's NDC and the Paris Agreement such as discussions to drive the Bio-Circular-Green Economy model which focuses on resource efficiency and circularity in the biochemicals sector.</p> <p>Notably, GC is also involved in The Joint Standing Committee on Commerce, Industry, and Banking, a partnership between The Federation of Thai Industries, The Thai Chamber of Commerce, and The Thai Bankers' Association, which develops and proposes ESG frameworks and policies to promote a sustainable economy. Looking forward, GC will continue to seek opportunities in the participation of coalitions that support and are aligned to Thailand's NDC and the Paris Agreement.</p>

# Specific Disclosures (1)

No.	Framework Indicator	GC Actions
12	Publicly disclose, for all geographies, its membership of, support for and involvement in all associations, alliances and coalitions engaged in climate change-related lobbying	<p>GC engages in climate change-related lobbying through our membership, support, and involvement in the following trade associations which covers 2 main issues:</p> <p><b>1. Responsible business operations, especially in sustainability and climate change.</b></p> <ul style="list-style-type: none"> <li>• Petroleum Institute of Thailand (PTIT)</li> <li>• The Federation of Thai Industries (F.T.I)</li> <li>• Thailand Business Council for Sustainable Development (TBCSD)</li> <li>• Thai Bioplastics Industry Association</li> </ul> <p>GC vision ourselves in becoming a sector global leader in responsible business operation and raw material consumption. As part of this objective, GC commits to support and expedite public movement and operations to resolve and mitigate negative impacts arisen from climate change. Therefore, spending incentives on trades of associations will support GC's commitment on achieving Net Zero target. Moreover, circular economy principle has also been applied to business operation, accompany with responsible resource consumption and environmental awareness (e.g., Petroleum Institute of Thailand (PTIT), The Federation of Thai Industries (F.T.I), Thailand Business Council for Sustainable Development (TBCSD), Thai Bioplastics Industry Association, and Thailand Institute of Packaging and Recycling Management for Sustainable Environment (TIPSME)).</p> <p>Moreover, GC is a member of Bio-Circular-Green model (BCG) working group of F.T.I that has the mission to groom the Thai manufacturers with digitalization, technology and innovation, towards sustainable business growth. This working group has important roles and responsibilities on being representatives of Thai industries to drive policies related to BCG. The Green, as one of the pillar in BCG model, focuses on assisting climate-related mechanisms e.g., the development of Thailand Taxonomies, providing incentives and encouraging activities that could contribute to the improvement of climate change such as climate Funds, technology collaboration, etc.</p> <p>For more information about the working group in F.T.I, please see: <a href="https://www.industrialclub.fti.or.th/รายงานส่งเสริมและสนับสนุน/">https://www.industrialclub.fti.or.th/รายงานส่งเสริมและสนับสนุน/</a></p>

# Specific Disclosures (2)

No.	Framework Indicator	GC Actions														
12	Publicly disclose, for all geographies, its membership of, support for and involvement in all associations, alliances and coalitions engaged in climate change-related lobbying	<p><b>2. Support the development of sustainable petroleum and petrochemical industries</b></p> <ul style="list-style-type: none"> <li>• Petroleum Institute of Thailand (PTIT)</li> <li>• The Federation of Thai Industries (F.T.I)</li> <li>• Oil industry Environmental Safety Group Association (IESG)</li> <li>• Thai Bioplastics Industry Association</li> </ul> <p>The primary objective of these groups is to focus on the advancement and enhancement of sustainable development for all industries, with their focus on the petroleum and petrochemical industries. Such activity includes but is not limited to, establishing sustainable and appropriate national policies, introducing emerging technologies that can minimize environmental and social impacts during operation, and encouraging occupation and community health and safety.</p>														
13	Publicly disclose, for each of these organisations: (a) how much it pays to them on an annual basis; (b) those organisations where it sits on the board or plays an active role in committees or other activities related to climate change	<p><b>Contributions to Each Organization</b></p> <table border="1" data-bbox="927 786 2181 1143"> <thead> <tr> <th data-bbox="927 786 1696 839">Trade Association</th> <th data-bbox="1696 786 2181 839">Contributions 2022 - THB</th> </tr> </thead> <tbody> <tr> <td data-bbox="927 839 1696 892">The Federation of Thai Industries</td> <td data-bbox="1696 839 2181 892">354,170</td> </tr> <tr> <td data-bbox="927 892 1696 945">Oil Industry Environmental Safety Group Association</td> <td data-bbox="1696 892 2181 945">849,000</td> </tr> <tr> <td data-bbox="927 945 1696 998">Thai National Shipper's Council</td> <td data-bbox="1696 945 2181 998">26,750</td> </tr> <tr> <td data-bbox="927 998 1696 1051">Community Partnership Association</td> <td data-bbox="1696 998 2181 1051">10,000</td> </tr> <tr> <td data-bbox="927 1051 1696 1103">Thailand Business Council for Sustainable Development</td> <td data-bbox="1696 1051 2181 1103">250,000</td> </tr> <tr> <td data-bbox="927 1103 1696 1143">Thai Bioplastics Industry Association</td> <td data-bbox="1696 1103 2181 1143">10,000</td> </tr> </tbody> </table> <p><b>Active role in Committees or Activities related to Climate Change</b></p> <p>Mr. Kongkrapan Intarajang sits in GC's board of directors as the executive director and sits in the TCNN's Council Board. The TCNN aims to promote cooperation between the government, private sector, and local sectors/communities in enhancing GHG reductions to achieve the goals of the Paris Agreement.</p>	Trade Association	Contributions 2022 - THB	The Federation of Thai Industries	354,170	Oil Industry Environmental Safety Group Association	849,000	Thai National Shipper's Council	26,750	Community Partnership Association	10,000	Thailand Business Council for Sustainable Development	250,000	Thai Bioplastics Industry Association	10,000
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Community Partnership Association	10,000															
Thailand Business Council for Sustainable Development	250,000															
Thai Bioplastics Industry Association	10,000															

# Specific Disclosures (3)

No.	Framework Indicator	GC Actions
14	Publicly disclose its overall assessment of the influence that its climate lobbying has had on (a) supporting ambitious public climate change policy; (b) the company's ability to deliver its own corporate transition strategy	<p>GC supports ambitious public climate change policy through our contributions to trade associations and organizations that align with Thailand's NDC and the Paris Agreement. These contributions are in line with GC's ambitions to achieve net zero emissions by 2050 which supports the goal of restricting global temperature rise to 1.5°C above pre-industrial levels. GC's contributions support two main issues including (1) Responsible business operations, especially in sustainability and climate change and (2) Support a development of sustainable petroleum and petrochemical industries</p> <p>By supporting projects and initiatives, through our climate lobbying activities, that contribute to Thailand's low carbon economy transition in line with Thailand's NDC and Paris Agreement, GC influences the development of sectoral and national climate-related policies and initiatives. In the long-term, this supports and enables GC to drive our own corporate transition strategy which aims to achieve net zero emissions by 2050.</p>

# **Annex 2: Physical Scenario Analysis**

Supplementary Materials



# Physical Scenario Analysis

## *Driver Context*

### **Change of precipitation patterns leading to drought and flood (chronic)**

Climate change and its potential effects from precipitation patterns change may lead to drought and water shortage or prone to increase flooding in some areas. Without an efficient water management and flooding prevention plan, GC's business operations may be affected and disrupted. For drought, GC Thailand (>90% operation sites) uses water from reservoirs not from river basins which are the same water sources for municipal use. Water shortage in the production process or deteriorating raw water quality leads to production process disruption, which may decrease GC's revenue and increasing procedures for implementation of new measures and laws, e.g. permission request, water allocation, legal responsibility, etc.

### **Increased severity of extreme weather (acute)**

Climate patterns in longer-term shifts is one of the basic characteristics of climate change. Increasing number of storms, cyclones may cause disruptions of crude transportation by sea freight. That climate change risk could potentially effects GC's supply chain stability, if alternative methods are not thoroughly planned. GC production site at Rayong is running with the crude from West Africa and North America, mostly. Any disruptions of crude transportation in Indian ocean may cause the delay of feedstocks delivery.

GC takes this water availability into short and long-term risk management. GC has accounted for potential negative impacts from droughts in two main scenarios: 1) Low case scenario where water in reservoirs reaches a low level with no additional water from other sources, and 2) Moderate case scenario based on historical data where there is a low water level in reservoirs.

# Drought and Flood Assessment Methodology



SPI	Flood Impact
2.00 and above	Very high
1.50 to 1.99	High
1.00 to 1.49	Medium
0.00 to 0.99	Low

Likelihood	Flood Impact
Very High risk = >2 severe drought/flood year within 10 years	Very high
High risk = 2 severe drought/flood year within 10 years	High
Medium risk = 1 severe drought/flood within 10 years	Medium
Low risk = No severe drought or flood year with in 10 years	Low

SPI	Drought Impact
- 2.00 and less	Very high
-1.50 to -1.99	High
-1.00 to -1.49	Medium
0.00 to -0.99	Low

SPI – Standard Precipitation Index

Category	SPI	Probability (%)
Extremely wet	2.00 and above	2.3
Severely wet	1.50–1.99	4.4
Moderately wet	1.00–1.49	9.2
Near normal	–0.99–0.99	68.2
Moderate drought	–1.00 to –1.49	9.2
Severe drought	–1.50 to –1.99	4.4
Extreme drought	–2.00 and less	2.3

# Physical Scenario Analysis

## Qualitative Assessment Results

### Legend

	- No Hazard		- Low Hazard		- Medium Hazard		- High Hazard
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### Baseline

Sr. No.	Asset	Water Stress			Riverine Flood <sup>1</sup>			Landslide Precipitation			Extreme Heat			Wind Speed (Average) <sup>2</sup>			Wind Speed (Maximum) <sup>2</sup>			Cyclone <sup>3</sup>			Coastal Flood		
		BS	2030	2050	BS	2030	2050	BSL	2030	2050	BSL	2030	2050	BSL	2030	2050	BSL	2030	2050	BSL	2030	2050	BSL	2030	2050
1	Rayong: GC Operation and Supplier	2	2	2	2	2	2	0	0	0	2	2	2	1	1	1	3	3	3	0	0	0	0	0	0
2	Chonburi: GC Operation	1	1	1	0	0	0	0	0	0	2	2	2	1	1	1	3	3	3	0	0	0	0	0	0
3	Bangkok: GC Head Office	2	2	2	2	2	2	0	0	0	3	3	3	1	1	1	3	3	3	0	0	0	0	0	0
4	Samut Sakhon Client 1	2	2	2	2	2	2	0	0	0	3	3	3	1	1	1	3	3	3	0	0	0	3	3	3
5	Samut Prakan Client 2 MMS	2	2	2	2	2	2	0	0	0	3	3	3	1	1	1	3	3	3	0	0	0	2	2	2

### RCP 4.5

Sr. No.	Asset	Water Stress			Riverine Flood <sup>1</sup>			Landslide Precipitation			Extreme Heat			Wind Speed (Average) <sup>2</sup>			Wind Speed (Maximum) <sup>2</sup>			Cyclone <sup>3</sup>			Coastal Flood		
		BS	2030	2050	BS	2030	2050	BSL	2030	2050	BSL	2030	2050	BSL	2030	2050	BSL	2030	2050	BSL	2030	2050	BSL	2030	2050
1	Rayong: GC Operation and Supplier	2	2	2	2	3	2	0	0	0	2	3	3	1	1	1	3	3	3	0	1	1	0	0	0
2	Chonburi: GC Operation	1	1	1	0	0	0	0	0	0	2	3	3	1	1	1	3	3	3	0	1	1	0	0	0
3	Bangkok: GC Head Office	2	2	2	2	2	3	0	0	0	3	3	3	1	1	1	3	3	3	0	1	1	0	0	0
4	Samut Sakhon Client 1	2	2	2	2	2	3	0	0	0	3	3	3	1	1	1	3	3	3	0	1	1	3	3	3
5	Samut Prakan Client 2 MMS	2	2	2	2	2	3	0	0	0	3	3	3	1	1	1	3	3	3	0	1	1	2	2	2

### RCP 2.6

Sr. No.	Asset	Water Stress			Riverine Flood <sup>1</sup>			Landslide Precipitation			Extreme Heat			Wind Speed (Average) <sup>2</sup>			Wind Speed (Maximum) <sup>2</sup>			Cyclone <sup>3</sup>			Coastal Flood		
		BS	2030	2050	BS	2030	2050	BSL	2030	2050	BSL	2030	2050	BSL	2030	2050	BSL	2030	2050	BSL	2030	2050	BSL	2030	2050
1	Rayong: GC Operation and Supplier	2	2	2	2	2	3	0	0	0	2	3	3	1	1	1	3	3	3	0	1	1	0	0	0
2	Chonburi: GC Operation	1	1	1	0	0	0	0	0	0	2	3	3	1	1	1	3	3	3	0	1	1	0	0	0
3	Bangkok: GC Head Office	2	2	2	2	2	3	0	0	0	3	3	3	1	1	1	3	3	3	0	1	1	0	0	0
4	Samut Sakhon Client 1	2	2	2	2	2	3	0	0	0	3	3	3	1	1	1	3	3	3	0	1	1	3	3	3
5	Samut Prakan Client 2 MMS	2	2	2	2	2	3	0	0	0	3	3	3	1	1	1	3	3	3	0	1	1	2	2	2

### RCP 8.5

Sr. No.	Asset	Water Stress			Riverine Flood <sup>1</sup>			Landslide Precipitation			Extreme Heat			Wind Speed (Average) <sup>2</sup>			Wind Speed (Maximum) <sup>2</sup>			Cyclone <sup>3</sup>			Coastal Flood		
		BS	2030	2050	BS	2030	2050	BSL	2030	2050	BSL	2030	2050	BSL	2030	2050	BSL	2030	2050	BSL	2030	2050	BSL	2030	2050
1	Rayong: GC Operation and Supplier	2	2	2	2	3	3	0	0	0	2	3	3	1	1	1	3	3	3	0	1	1	0	0	0
2	Chonburi: GC Operation	1	1	1	0	0	0	0	0	0	2	3	3	1	1	1	3	3	3	0	1	1	0	0	0
3	Bangkok: GC Head Office	2	2	2	2	2	3	0	0	0	3	3	3	1	1	1	3	3	3	0	1	1	0	0	0
4	Samut Sakhon Client 1	2	2	2	2	2	3	0	0	0	3	3	3	1	1	1	3	3	3	0	1	1	3	3	3
5	Samut Prakan Client 2 MMS	2	3	2	2	2	3	0	0	0	3	3	3	1	1	1	3	3	3	0	1	1	2	2	3

# **Annex 3: Transition Scenario Analysis**

Supplementary Materials

# Transition Scenario Analysis

## Driver Context

### Policy and legal

GC as an energy- and the emissions-intensive company is directly affected by current and emerging regulations targeting energy use and efficiency as well as reduction of emissions. Emerging regulation Thailand starts the process of developing the foundations for a national carbon price using World Bank funds, a climate official said, a process which will culminate in a mandatory emissions trading scheme. There is some possibility that Thailand could issue new Thailand acts related to climate change in the near future.

### Technology

Decarbonization technologies including Carbon Capture and Storage (CCS), fossil fuel switching to hydrogen fuel and other alternative energy that can threaten the corporates if they have not prepare and plan to mitigate the impact. These technologies can support GHG reduction target in 2050 alignment with national and international targets but Installation of equipment or improvement of production process to reduce GHG emissions may result in higher operating cost. GC included climate change related technology as one of GC's corporate risk factor in corporate risk assessment process by Enterprise Risk Management Committee.

### Market and Reputation


At present, environmental awareness and demanding changing of circular economy has become a growing trend at both national and international levels. Thai and Asian consumers have, thus, become more aware of long-term environmental impacts, leading to a decline in single-use plastic consumption and an increase in purchase of products made from renewable raw materials or recycled plastic. Decrease in single-use plastic consumption and growing trend to modify the components of environmentally friendly products by entrepreneurs have lowered the demand for plastic pellets in the period of two to three years, affecting GC's revenue directly. Another emerging of EV (Electricity Vehicle) demanding increase also is able to have an impact on GC's refinery business. Public concerns of single-use plastic ban are coming together with low-carbon economy and increase demand of EV increase due to renewable energy trend. GC Thailand as a leading petrochemical company in South East Asia cannot avoid public expectations on moving forward to low-carbon economy. If we fail to convince that GC is following an emission reduction pathway towards low-carbon industry we will experience difficulties to retain young shareholders.

# Transition Scenario Analysis

## Drivers Screening

To ensure that the transition scenario analysis is reflective of GC's businesses, we conducted a screening process of all transition drivers identified as relevant to GC. In line with TCFD recommendations, the drivers identified covers policy and legal, technology, market, and reputational risks.

Transition Drivers	TCFD Category	Brief Description
<b>Nationally Determined Contributions (NDC)</b>	Policy & Legal Risk (Current regulation)	Thailand's NDC commitment aims to achieve carbon neutrality by 2050 and net zero emissions by 2065. Therefore, although not enforced, we are expected to contribute towards meeting national targets.
<b>Carbon tax</b>	Policy & Legal (Emerging regulation)	The projection of carbon pricing under restrictions from future carbon policies.
<b>Exposure to climate-related litigation</b>	Policy & Legal (Legal risk)	Increased awareness of climate change drives enforcement and increase scrutiny on climate-related issues from government agencies and the public sector resulting in increased risks of litigation.
<b>Carbon Capture Utilization and Storage (CCUS)</b>	Technology	CCUS presents an opportunity to reduce significant amounts of GHG emissions. However, they also require high investments and delayed deployment will impact GC's ability to meet GHG emissions targets.
<b>Switching to electricity as an energy source</b>	Market	The demand for electric vehicles (EV) and recycled plastic products are expected to increase. The growth in demand for fossil-based fuels is expected to slow down.
<b>Demand for biofuels</b>	Market	As companies and sectors decarbonize, biofuel demand will continuously increase due to their contributions towards meeting GHG reduction targets.
<b>Demand for recycled plastic products</b>	Market	Consumers have become increasingly aware of the environmental impacts from their consumption of products. Therefore, recycled plastics or products that are produced from recycled plastics will increase.
<b>Hydrogen use</b>	Market	Hydrogen as a potential clean energy source
<b>Stakeholder Perceptions</b>	Reputational	External stakeholder pressure to have clear disclosures on climate-related activities, governance, and strategy.

 = Selected drivers for further study in this year's Transition Scenario Analysis.





**Thank You**

*The business of sustainability*

