

EGCO's

Adaptation plan to climate risk



Energy for life

EGCO Group is aware that climate change is affecting companies' financial, economic, environmental, and social performance, especially for the long-lived fixed power plants. The company has integrated climate risks into the group's overall risk management process and striking a balance between risks and opportunities for all levels of stakeholders

At the corporate level, EGCO Group conducted various climate scenario analysis to assess context-specific climate change impacts on business. The Company applies the World Resources Institutes' Aqueduct Water Risk Atlas to create a risk map at the operational level and identifies the water risks to assess physical risks quantity i.e. water stress, seasonal variability, drought risk, and physical risk quality i.e. untreated connected wastewater to assess context-specific climate change impacts on business. Based on the RCP8.5 Scenario (Worst case scenario) analysis, In 2030 EGCO is facing risks from acute events (i.e. flood) and chronic events (i.e. water stress) is limited at medium and low risk level, respectively.

Furthermore, the company forecasts the future change and potential impacts of water demand and water availability under different scenarios until 2040. The transition risk of future compliance cost of carbon tax or emission trading scheme (ETS) is assessed to be low

Based on the results of these scenario, EGCO has established corporate climate targets, adaptation plan and climate change strategy. The strategic planning efforts are to ensure the Group's targets achievement, as well as to expand its business opportunities. EGCO has developed a context-specific plan to adapt to flood and water stress risks for each of the power plants by 2030. The Company also has a prevention action and emergency response to ensure the readiness of water management in all dimensions, such in terms of water supply, water use, and water discharge quality. The plan includes, for example, flood control structures and response plans are recommended for these locations to minimize damage and business interruption; Installation of on-site water reserves, implementation of water saving measures and local community engagement on water-related risks to save cost and avoid reputational damage. With regards to a plan to manage the transition risk, EGCO is regularly monitoring the climate policy and regulation in every countries in operation and the company is in the process of developing a science-based target and strategy corresponding to the Energy Technology Perspectives (ETP) Beyond 2°C Scenario (B2DS). The internal carbon pricing is being applied at \$10/tCO₂e in EGCO's capital expenditure investment decision making process.