



PAVILION
ENERGY

Celebrating  Years of Excellence



TOWARDS A BETTER TOMORROW

|
2022-2023
SUSTAINABILITY
REPORT



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The Pavilion Energy Sustainability Report 2022 is our inaugural report, focusing on our business structure and corporate ambition as a global energy merchant that promotes natural gas as a transitional fuel of choice as the world moves towards a low-carbon future.

The report covers the financial year starting from 1 April 2022 to 31 March 2023, and highlights the Environmental, Social and Governance focus areas that we have identified as material to our corporate and sustainability objectives.

This report lays the foundations for sustainability reporting in subsequent years, in accordance with the GRI standard. It references the UN Sustainability Development Goals that align with matters identified as material to Pavilion Energy.

Energy transition is a journey. Every individual has a stake in battling climate change and every corporation has the responsibility to be sustainable. While climate change is the existential threat of our lifetime, it is also a challenge that binds us all together. What we do or fail to do now, matters.

At Pavilion Energy, we recognise that the energy transition journey is a process and natural gas will continue to have an important role in helping economies transit to a low carbon future. We advocate natural gas as a transition fuel of choice and we have the responsibility to continue our work in helping the markets we operate in, to tackle the energy trilemma of Security, Affordability, and Sustainability.

We supplied and traded cleaner natural gas to displace heavy fuel oils and coal right from our first business day, and chartered energy efficient MEGI (Electronically Controlled Gas Injection) class LNG new builds because they carry a smaller carbon footprint. We championed and ventured into LNG bunkering as we saw its potential in decarbonising the maritime industry, and delivered Singapore's first 'carbon offset' LNG by retiring nature-based carbon credits for one of our LNG cargoes. We saw the need for a common standard to account for each LNG cargo imported and launched the industry's first GHG accounting and reporting methodology paired with a sales and purchase agreement. Together with our partners QatarEnergy and Chevron, the methodology was published to encourage industry-wide accountability for every single LNG cargo delivered.

Striving to be accountable, we have taken the modest first steps towards managing our carbon emissions by assessing, measuring, and reporting emissions along Scopes 1, 2 and 3 of our value chain. We are also keeping a keen eye on future fuels and technologies - evaluating the commercial and technical potential of alternative fuels (biogas/bio-LNG, biomethane, hydrogen, ammonia) and studies into technologies such as Carbon Capture, Utilisation and Storage (CCUS).

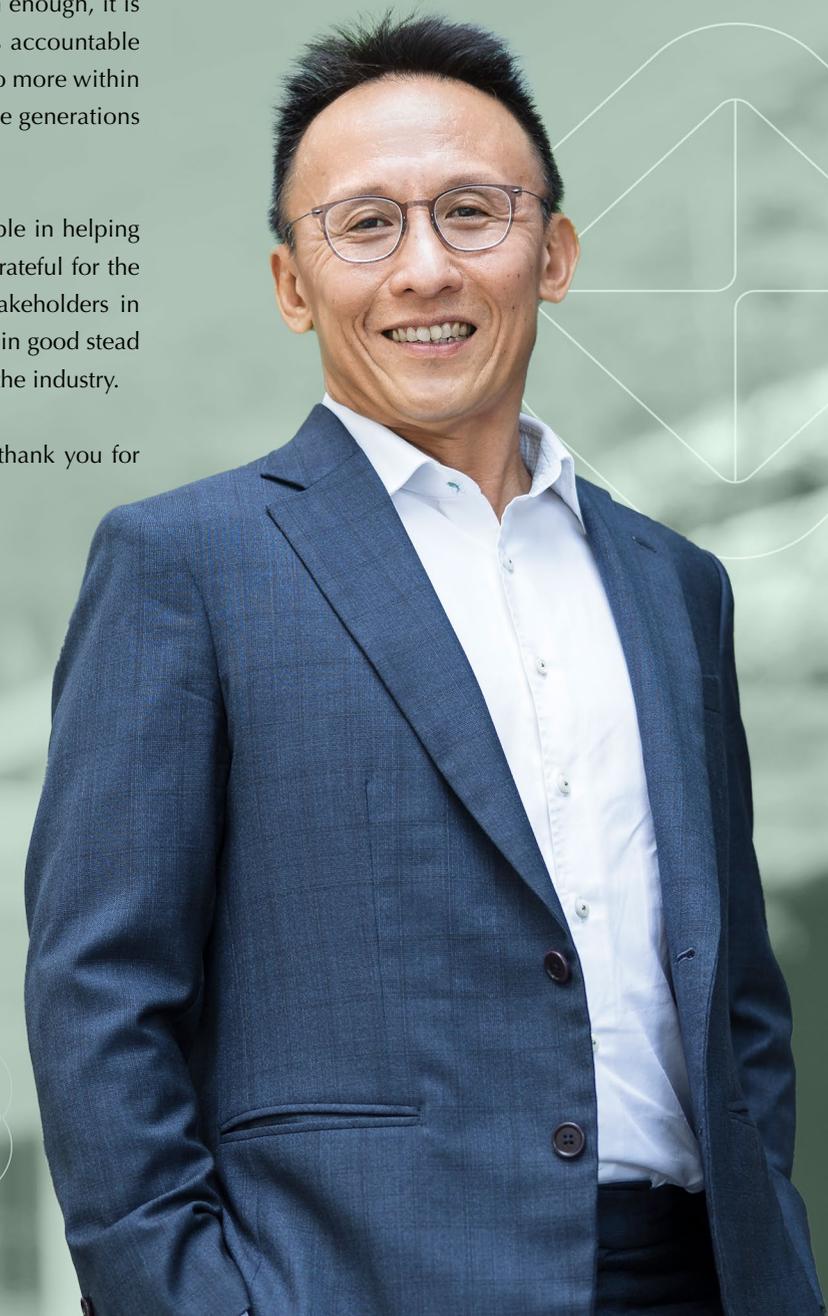
We are publishing our first Sustainability Report in the 10th year of Pavilion Energy's operations. Though what we have done to date is far from enough, it is a befitting milestone to mark our modest efforts to hold ourselves accountable on this energy transition journey, as well as a pledge that we will do more within the next 10 years and beyond to ensure a better tomorrow for future generations to come.

I am immensely proud of the commitment and passion of our people in helping us drive our sustainability ambitions. At the same time, I am also grateful for the commitment of our Board of Directors and the support of our stakeholders in shaping a sustainable energy future. These will continue to stand us in good stead as we seek to deliver our strategy and drive decarbonisation across the industry.

I welcome you to Pavilion Energy's first Sustainability Report and thank you for your interest.

Mr Alan Heng

Group CEO Pavilion Energy



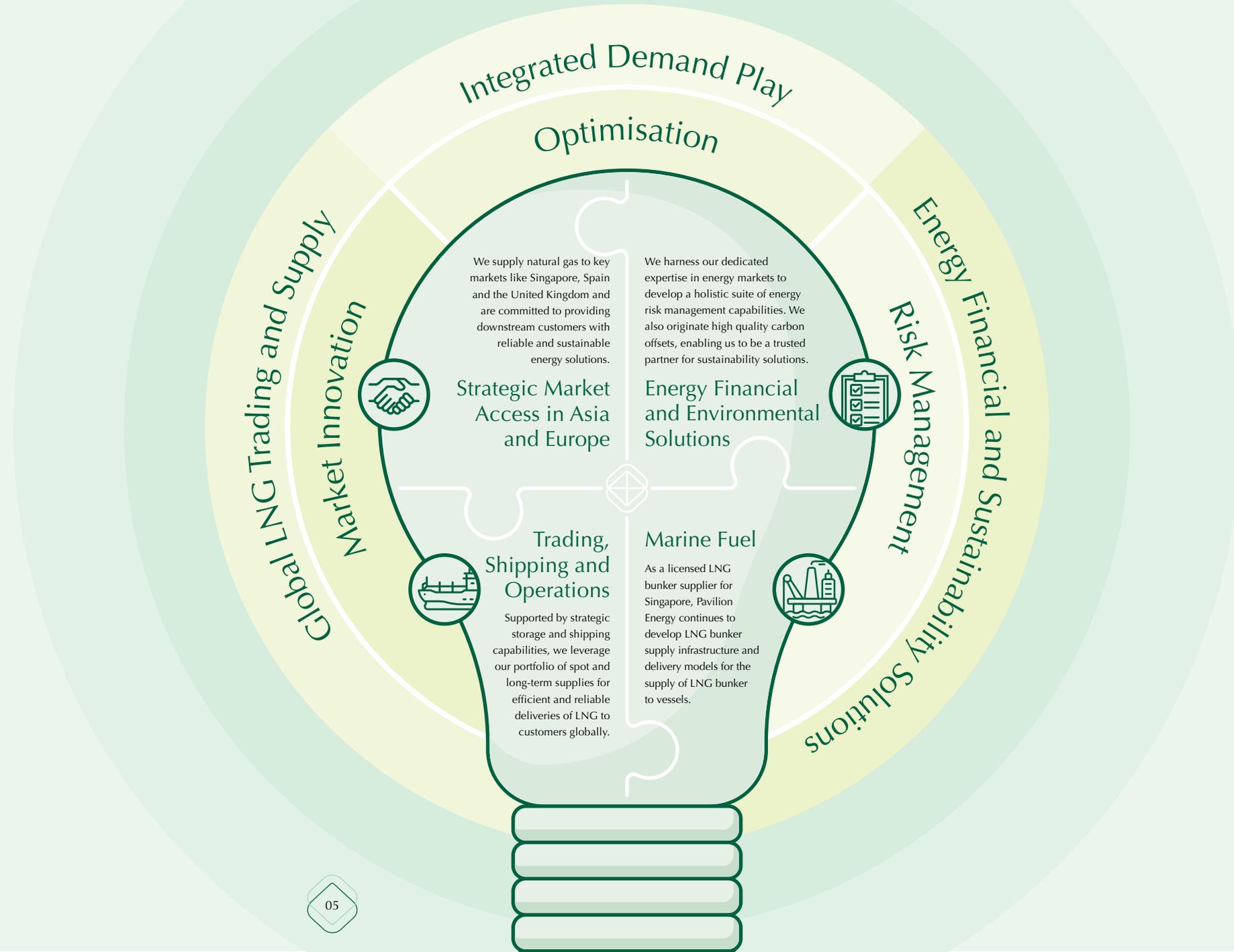
ABOUT PAVILION ENERGY



Pavilion Energy is a wholly-owned subsidiary of Temasek. Headquartered in Singapore, its global energy business encompasses natural gas supply and marketing activities in Singapore, Europe and the United Kingdom; global liquefied natural gas (LNG) trading, shipping and optimisation; as well as energy financial and environmental solutions. Today, Pavilion Energy has a European office in Spain and an expanding global footprint in the Asia-Pacific and Atlantic basins for LNG and natural gas. As Singapore's global energy merchant, Pavilion Energy is a global solution provider for energy supply, marketing, trading, risk management and sustainability.

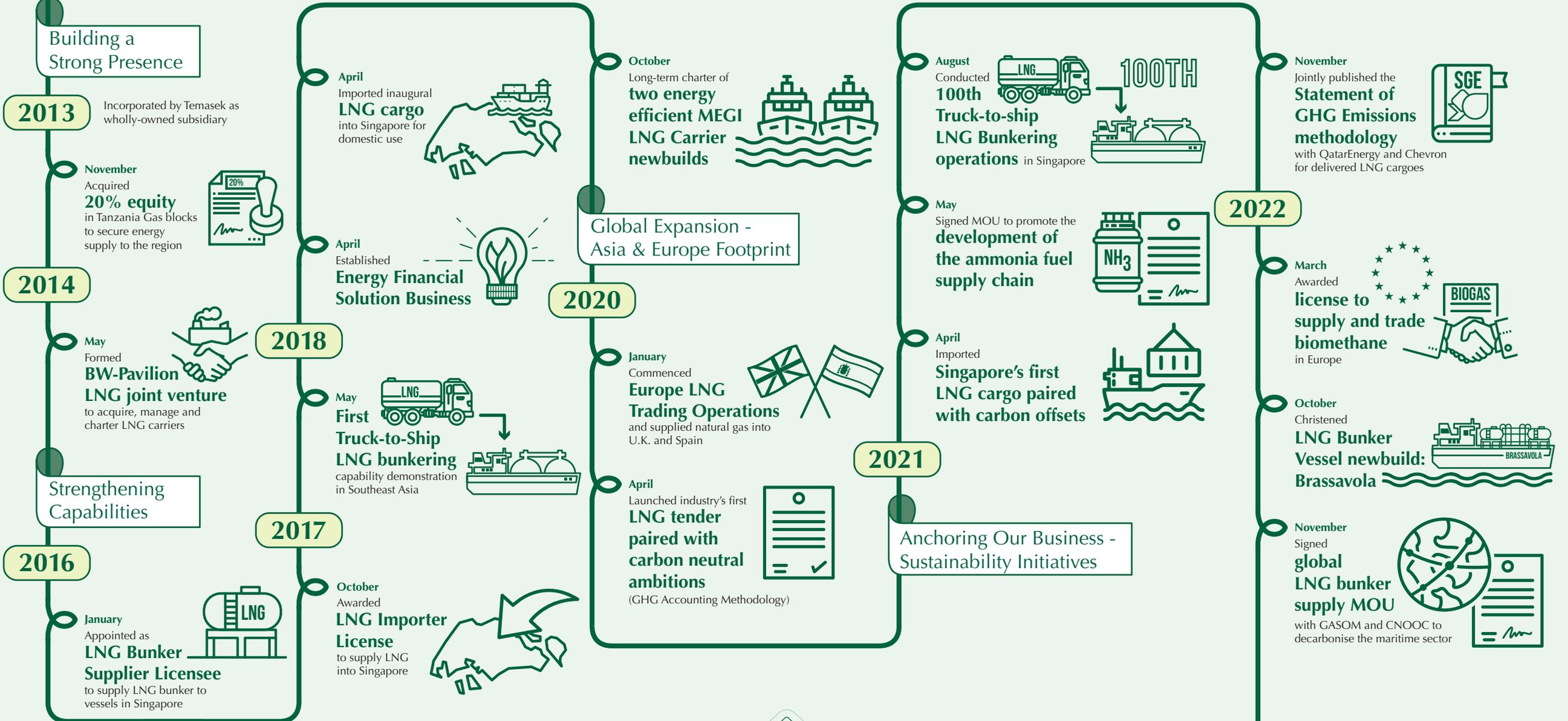
Pavilion Energy has also been a pioneer in developing LNG bunkering for the maritime industry in Singapore and by promoting greater transparency in greenhouse gas (GHG) emissions in the LNG value chain. We promote LNG and natural gas as fuels of choice, which we believe helps to drive our energy transition efforts towards a more sustainable future for generations to come.

Our Business and Value Proposition





Our Energy Journey - Towards a Better Tomorrow



OUR SUSTAINABILITY STRATEGY

Energy Security - Natural Gas: Fuel of Choice

Businesses and societies have centred their discussions on progress and growth around sustainability, with several pledging to implement environment initiatives and reforms. We believe that natural gas will play a pivotal role in ensuring energy security amidst the energy transition, as emphasised by recent global events and volatility in gas markets.

We see natural gas as a transitional fuel as we transition towards a cleaner and more sustainable future. Underpinned by our portfolio of assets, we provide innovative energy solutions while positioning ourselves as a global champion for sustainable and reliable energy.



Driven by our materiality assessment, we have identified the above Sustainable Development Goals which uphold our commitment towards a cleaner, sustainable and equitable future for all.

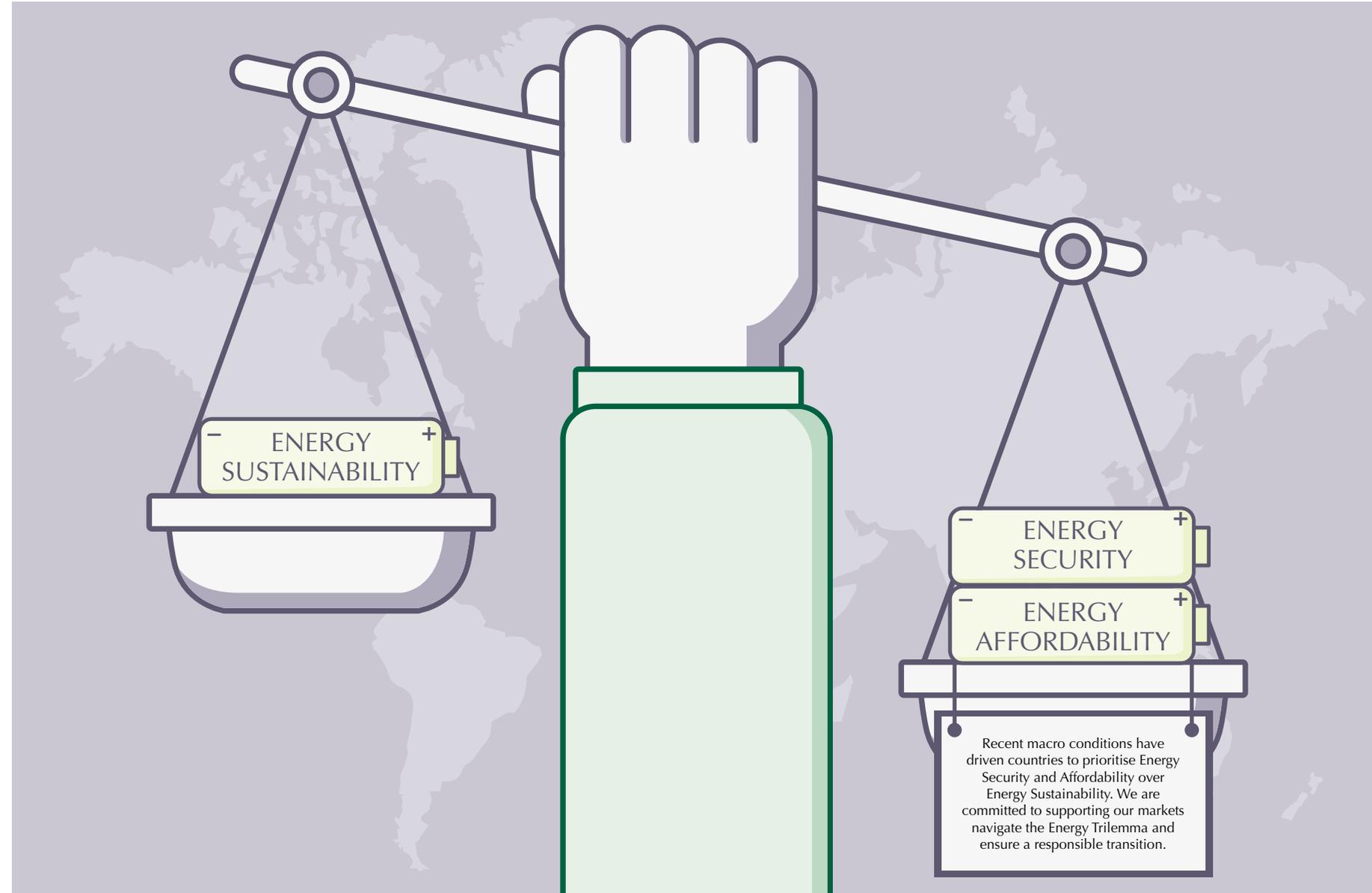


Focus Areas for Sustainability Strategy

Climate change is one of the top planetary crises of our time, with the broader energy sector being responsible for a meaningful portion of GHG emissions. More recently, the Russian war in Ukraine, prolonged COVID-19 pandemic, and extreme energy market volatility have caused countries and companies to prioritise energy Security and Affordability above Sustainability (the Energy Trilemma). Even as we advocate for natural gas as a transition fuel of choice in climate change mitigation, we will continue to help our markets navigate this trilemma as part of efforts to ensure a responsible and equitable energy transition.

The use of carbon credits remains a key consideration in strategies to offset hard-to-abate emissions. Industry and governments are positioning renewable gases (e.g. Biomethane, bio-LNG, renewable Hydrogen, Ammonia) and Carbon Capture, Utilisation and Storage (CCUS) as affordable alternatives to support country or sector level decarbonisation plans.

With this backdrop, we have identified the focus areas for our Sustainability Strategy as **Operating Responsibly and Innovation for a Low-Carbon Economy.**



» Operating Responsibly

In conducting our interconnected business activities, Pavilion Energy is committed to the highest standards of integrity and fair play in all our business dealings and relationships with whomever we work with and wherever we operate. To support this, we have a Code of Conduct (Code) that establishes the key principles and outcomes which all employees must comply with and guides how we put our core values into practice. It sets out a clear standard of conduct to ensure we do business the right way and in compliance with all applicable laws and regulations wherever we operate.

We embed sustainability practices into our everyday operations through staff training on sustainability and GHG measurement, requiring policy-owners to incorporate environmental, social and corporate governance (ESG) factors into their processes, setting of GHG or sustainability related performance metrics, incorporating responsible management of energy resources, financial resources and human resources and focus on long-term enablers like setting an internal carbon price and formalising green targets into actual organisational KPIs. We charter high-performance MEG1 vessels for more sustainable LNG shipping and for driving the adoption of LNG as a marine fuel.



The latest version of the SGE Methodology can be found here



Driving Change in the Industry: Transparency in LNG Value Chain

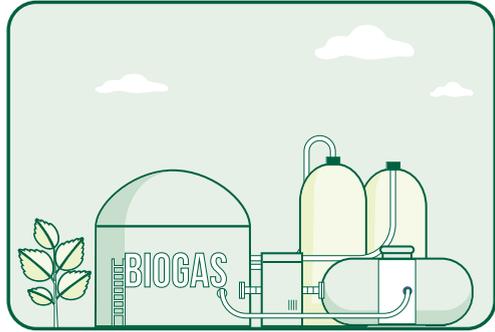
Together with our partners, QatarEnergy and Chevron, we have published a GHG quantification and reporting methodology for LNG from wellhead-to-discharge port. This is the first published methodology that will be applied to sales and purchase agreements, to produce a statement of greenhouse gas emissions (SGE) for delivered LNG cargoes.

Intended for wide adoption across the LNG industry, the methodology measures, reports and verifies GHG emissions associated with an LNG cargo, based on industry standards. The SGE methodology sets a strong tone for increased accountability of emissions along the LNG value chain, encouraging value-chain emissions transparency and paving the way for more decarbonisation strategies towards a lower carbon future.



» Innovation for a Low-Carbon Economy

Pavilion Energy has taken an agnostic approach to addressing decarbonisation in the energy sector and is currently evaluating the commercial and technical potential of New Energy technologies and alternative fuels that could drive our decarbonisation efforts.



Ammonia

Ammonia is a candidate for alternative marine fuel due to its zero-carbon emissions on combustion, a volumetric energy density that is higher than that of hydrogen and relative ease of handling when in liquid form. Practical implementation is subject to appropriate abatement practices to address challenges such as elevated levels of nitric oxide emissions.

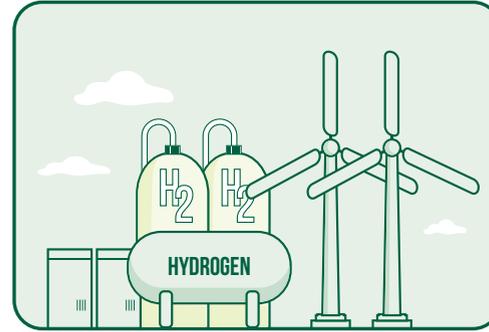
In April 2021, Pavilion Energy signed a Memorandum of Understanding with the Maritime and Port Authority of Singapore (MPA) and other consortium partners to study the feasibility of establishing an ammonia fuel supply chain, including an onshore and/or offshore facility and an ammonia bunkering ship in Singapore.



Biomethane/Biogas/Bio-LNG

In 2022, we have ventured into the Biomethane and Renewable Gases Guarantees of Origin trading and supply business. This is aligned with our strategic expansion plan to develop new gas markets and diversify our product portfolio. We are seeking similar opportunities to secure biogas supplies in South East Asia.

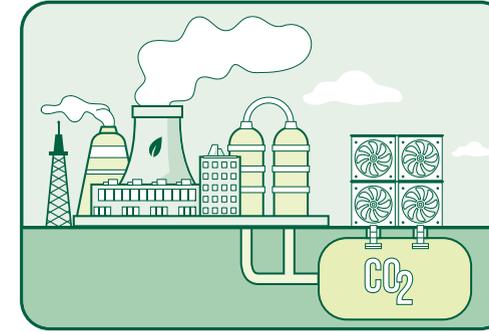
Our team in Spain has secured the International Sustainability and Carbon Certification (ISCC) to trade and supply biomethane in Europe. The ISCC is a leading global certification system that ensures compliance with high ecological and social sustainability standards, greenhouse gas emissions savings and traceability through the biomethane supply chain.



Hydrogen (H₂)

Green hydrogen can play an important part in the decarbonisation of the energy sector. With this in mind, we are looking into the commercial and technical viability of green, blue and turquoise hydrogen production and import into Singapore and have conducted studies on the potential of hydrogen blending into Singapore's natural gas pipeline.

We also engage with industry players active in the targeted hydrogen value chain to explore collaboration initiatives, both in Singapore and in Europe.



Carbon Capture, Utilisation and Storage (CCUS)

Pavilion Energy participates in the Singapore CCUS scene and signed a CCUS Memorandum of Understanding with A*STAR, EDB, JTC, and other ecosystem partners to study the development of Carbon Capture and Utilisation Translational Testbed to rapidly pilot and scale-up new CCU technologies on Jurong Island (November 2021).

More broadly, we are studying the potential of embedding CCUS technologies along the gas and renewable gas value chain in Asia and Europe.



Carbon Credits

In 2021, Pavilion Energy's Environmental Solutions (ES) team was established as a voluntary carbon credits business. The ES team connects supply and demand for high quality carbon credits, as aggregator and market maker, being ready to meet both compliance and net zero demands of our customers.

Offsetting emissions throughout supply chains is not a sustainable solution. With this in mind, we promote GHG reduction, removal or avoidance projects in order to limit the impact from unavoidable GHG emissions within our value chain.

European Green Deal

The European Green Deal in 2020 focuses on 3 key principles for the clean energy transition, which will help reduce greenhouse gas emissions and enhance the quality of life of its citizens.

- Ensuring secure and affordable EU energy supply
- Developing a fully integrated, interconnected and digitalised EU energy market
- Prioritising energy efficiency, improving the energy performance of our buildings and developing a power sector based largely on renewable sources

Fit for 55 Package

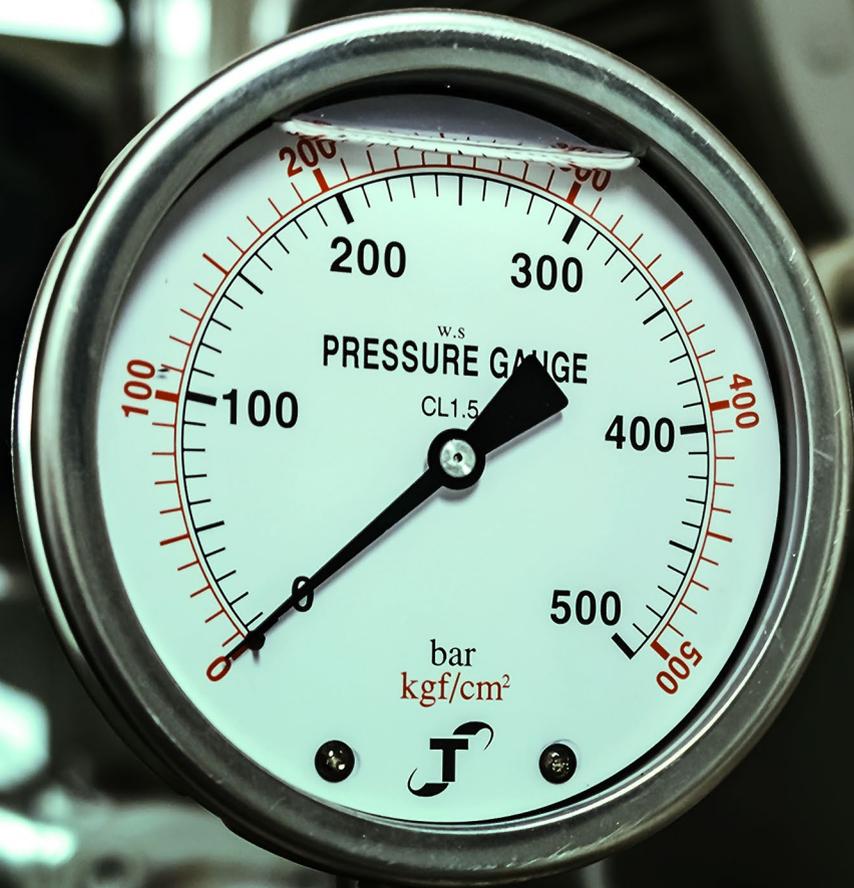
The 'Fit for 55 Package' is a comprehensive set of cross-cutting measures designed to implement the European Green Deal and meet the new target of 55% reduction in net GHG emissions by 2030, setting the course to climate neutrality in 2050.

For Europe this implies a steady transition towards electrification, energy efficiency improvements, higher carbon taxation, carbon price mechanisms and the development of renewable gases, among others.

The Singapore National Climate Change Secretariat (NCCS) pledged the country's enhanced Nationally Determined Contribution (NDC) to the United Nations Framework Convention on Climate Change (UNFCCC) in 2020. Singapore will enhance its 2030 NDC and aims to achieve net zero emissions by or around mid-century. Singapore has also outlined carbon tax strategies and research efforts into developing commercial low-carbon and carbon capture technologies. The Energy Market Authority (EMA) has outlined possible roadmaps to decarbonising the power sector by mid-century, where gas and LNG have an important part to play, but will need to be displaced by low-carbon alternatives like hydrogen in the coming decades.

Focus Areas for Sustainability Strategy

As a global energy merchant with core markets in Singapore and Europe, our sustainability and decarbonisation strategies are naturally aligned with the energy transition ambitions and roadmaps adopted by the Singapore government and European Union.



MANAGING SUSTAINABILITY

Framework and Governance

Since 2021, our sustainability framework, initiatives, measurement and reporting have been reported to Pavilion Energy Group's Board of Directors on a quarterly basis.

Our sustainability governance system is as illustrated:

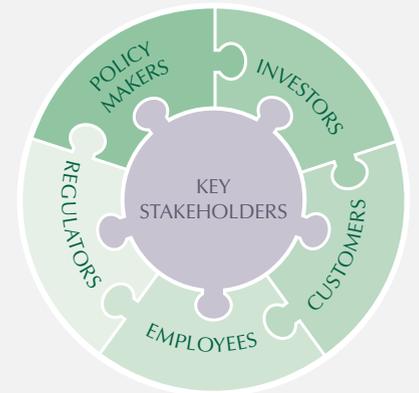


Identifying and Addressing Sustainability

In early 2022, Pavilion Energy conducted a sector peer benchmarking of our sustainability focus areas, in line with materiality principles. The Global Reporting Initiative was referred to for guidance in evaluating our business impacts against our ESG disclosures.

Subsequently, we consulted internal stakeholders for guidance on setting sustainability priorities and ambitions. The result was three clear focus areas that form the core components of our sustainability strategy - energy management, business ethics and people development.

Pavilion Energy interacts with a number of key stakeholders who are critical to the successful operation of the business, including investors, customers, employees, regulators and policy makers. It is our constant endeavour to align stakeholder perspectives with our business needs, sustainability strategy and energy sector trends.



Sustainability Policies

Corporate sustainability encompasses long-term value creation considering **Economic, Environmental and Social activities**. It is a corporation's approach to ensuring a sustainable outcome for the Planet, People and on-going Profit.

SDGs Material to Pavilion Energy*

ENVIRONMENT



7 AFFORDABLE AND CLEAN ENERGY

We are committed to providing affordable and secure supply of natural gas to the markets we serve.



13 CLIMATE ACTION

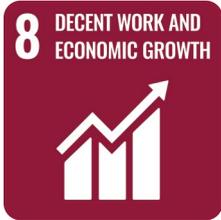
We seek to quantify and reduce its own emissions as well as that of our counterparties. We raise internal awareness on sustainability topics for collective action.

SOCIAL



5 GENDER EQUALITY

Employee Handbook promotes diversity & inclusion and ensures equal opportunity regardless of gender, disabilities, etc.



8 DECENT WORK AND ECONOMIC GROWTH

Employee Handbook and HSE Policies promote an inclusive working culture and safe environment for all.

GOVERNANCE



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

We work with industry partners to develop new ecosystems necessary for new technologies and fuels.



16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Code of Conduct and Compliance policies respect human rights and promote non-discrimination.

*Subject to on-going Materiality Assessment with internal/ external stakeholders

MATERIAL MATTERS

Pavilion Energy's materiality review lays the foundation for our sustainability strategy and our 3 focus areas. Driving sustainability throughout the organisation means embedding responsibility in our employees and creating awareness in our supply chains on the impacts of our business on our employees, our supply chain stakeholders and the environment.

Energy Management and GHG Emissions

As a Temasek portfolio company, Pavilion Energy has been reporting its GHG emissions to Temasek since FY19/20. This requires us to collect and report emissions data across our business operations.

	FY19/20	FY20/21	FY21/22
Office Water Usage ⁽¹⁾	349m ³	173m ³	222m ³
SCOPE 1 Ship Fuel Combustion <small>From sources owned/controlled by Pavilion Energy</small>	15,729 tCO ₂ e	32,434 tCO ₂ e	51,223 tCO ₂ e
SCOPE 2 Electricity and Heat Usage <small>From generation of electricity and heat purchased by Pavilion Energy</small>	1,656,081 kWh = 690 tCO ₂ e	354,529 kWh = 122 tCO ₂ e	371,711 kWh = 124 tCO ₂ e
SCOPE 3 Emissions <small>From all indirect emissions (not included in Scope 2) that occur in the value chain of Pavilion Energy, including upstream and downstream emissions</small>	N.A	6,948 tCO ₂ e	63,381,923 tCO ₂ e ⁽²⁾
Number of Categories Reported	0 of 15	5 of 15	10 of 15
Scope 1,2,3 Categories Reported <small>(in-line with Temasek's Reporting Requirements)</small>	<ul style="list-style-type: none"> Scope 1 <ul style="list-style-type: none"> Stationary Combustion ▶ Mobile Combustion Fugitive/IPP/PU Emissions Scope 2 <ul style="list-style-type: none"> Purchased Electricity Steam, Heating & Cooling 		
	<ul style="list-style-type: none"> Scope 3 Categories Added <ul style="list-style-type: none"> Cat 3 Fuel and Energy-related Activities Cat 5 Waste Generated in Operations Cat 6 Business Travel Cat 7 Employee Commuting Cat 14 Franchises 		
	<ul style="list-style-type: none"> Scope 3 Categories Added <ul style="list-style-type: none"> ▶ Cat 4 Upstream Transportation & Distribution ▶ Cat 9 Downstream Transportation & Distribution ▶ Cat 11 Use of Sold Products Cat 12 End-of-life Treatment of Sold Products Cat 13 Downstream Leased Assets 		

Our Efforts to reduce Scope 1 & 2 emissions

Pavilion Energy is constantly evaluating systems and procedures to minimise GHG exposure on its controlled vessels. We have signed up with Nautilus Labs to help model efficient LNG use on our vessels. We also ensure compliance with International Maritime Organisation's CII (Carbon Intensity Indicator) on vessels controlled by us and strive to maintain higher ratings of A-C that indicate greater levels of fuel-efficiency.

Pavilion Energy currently operates its businesses from buildings with strong sustainability track records. MBFC T3 is BCA Green Mark Platinum-certified. Torre de Cristal is certified with A Class Energy Certificate.

Sensors are installed in the office spaces to automatically switch off lights if no movement is detected.

⁽¹⁾ Water usage is not part of any Scope emissions category but still part of required reporting to Temasek.

⁽²⁾ Scope 3 emissions number is significantly higher as a result of more categories reported.

▶ More substantial emissions categories

Business Ethics

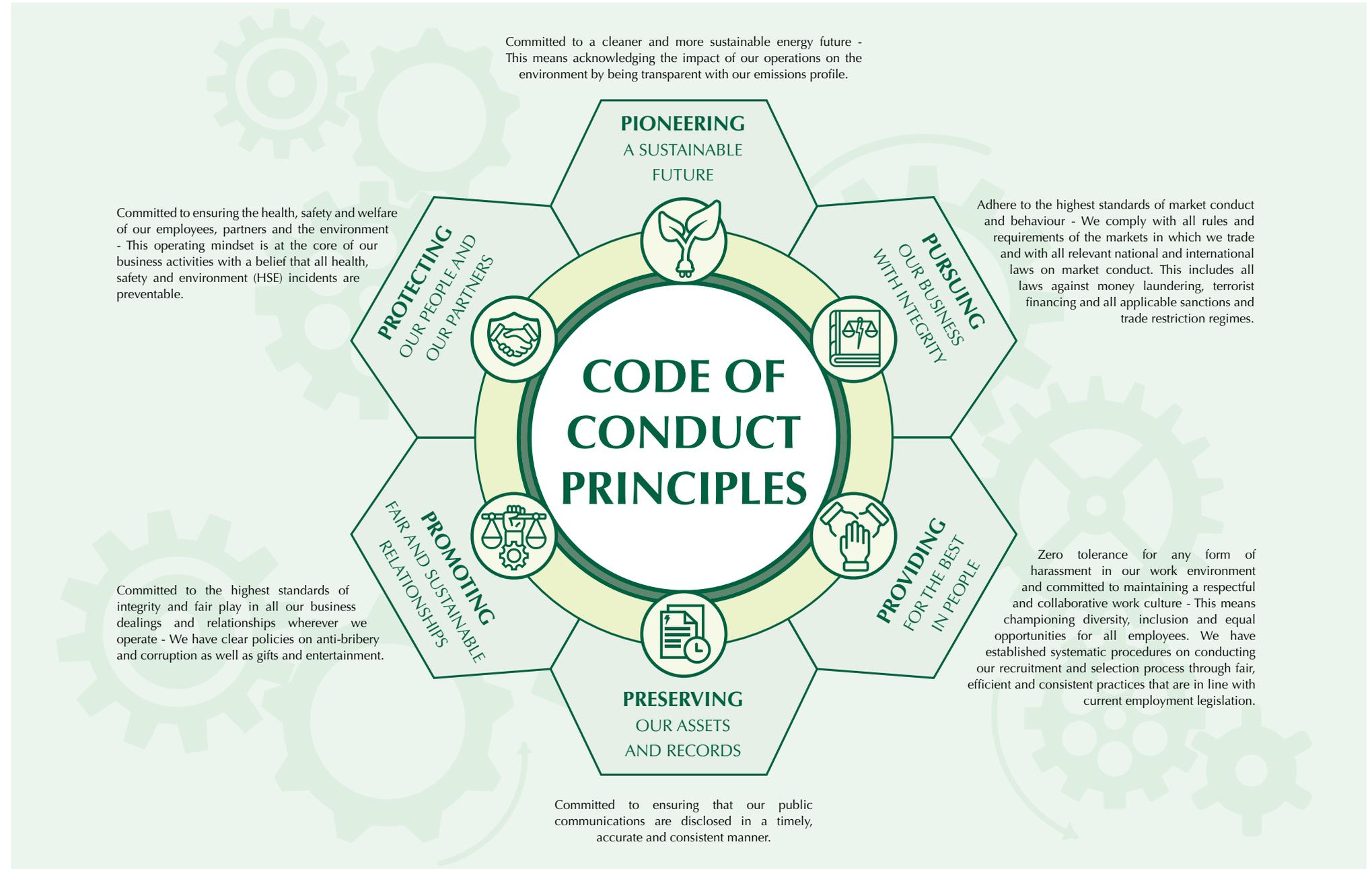
We operate in a dynamic and fast-changing environment which requires us to take measures to ensure long-term viability of our business. Our strong stakeholder relationships are underpinned by responsible and ethical business practices, as outlined in our Code of Conduct (Code).

This Code establishes the key principles and outcomes which all employees must comply with and guides how we put our core values into practice.

The Code applies to all Pavilion Energy employees, officers, and members of our Boards. Persons or companies working for us, including temporary staff, consultants or contractors, must also comply with the Code, whilst suppliers or service providers are required to act consistently with the prescribed principles.



The latest version of the Pavilion Energy's Code of Conduct can be found here [▶](#)

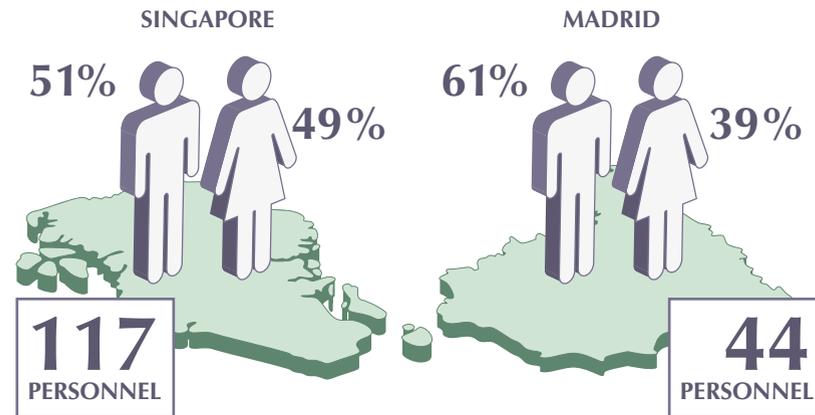


Developing Our People and Communities

Investing in Our People

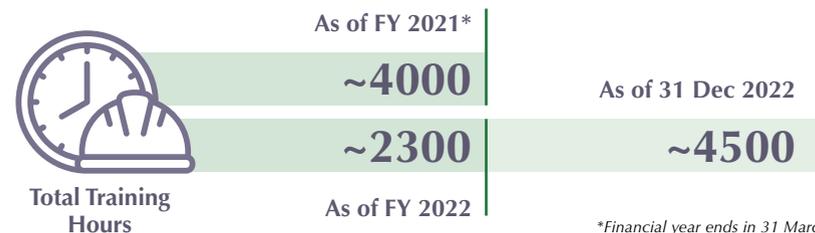
The global energy transition is nuanced and dynamic, requiring new and upgraded skills from our people. Our ambition is to cultivate a next generation of leaders, with the capability to successfully navigate this transition, by empowering our people with the right opportunities for upskilling, learning and development.

Full-time Employees by Region (As of 31 December 2022)



Data on Employee Upskilling (Singapore and Madrid)

This could be number of employees who have received sponsorship for courses (Learning and Development) or employee-hours spent on L&D.



*Financial year ends in 31 March

Health and Safety

Our HSE Policy and Management System Framework sets up the overarching framework for our HSE commitments. The framework covers our Board of Directors, employees and even third party contractors who work on our premises. HSE parameters are included in our business objectives. All activities with the potential to impact people's HSE are subject to periodic risk assessments.



Our commitment to HSE and operation excellence has set the foundation for Pavilion Energy's sustainable success as a reliable energy supplier.

Employee Well-being

Our people are key to driving our sustainability efforts and we strive to provide our employees with a safe and meaningful work environment.

- Whistleblowing Officer and Policy for a safe way to raise employee concerns that are not already met
- Employee Assistance Programme
- Regular anonymous surveys to gather feedback and improve workplace culture
- Wellness Committee promotes physical, mental and emotional well-being
- Flexible and hybrid work arrangement to promote work-life balance

Wellness Week

Our Wellness Week was established in 2022 for all employees. Staff are encouraged to immerse themselves in the Five Ways to Wellbeing centred around social connectedness, physical activity, awareness, learning and giving. Additionally, teambuilding exercises, mental wellness talks and initiatives such as the Urban Hiking Challenge encouraged staff to take time off during office hours to hike, get to know each other better and recharge.

Nurturing Communities

Pavilion Energy is committed to its sustainability and community giving efforts. These social responsibility programmes boost employee morale, motivation, belonging in the workplace and lead to greater productivity. Our volunteer and community giving efforts include social and environmental causes that we champion.

1. Sunbeam Place @ Children's Society

Sunbeam Place @ Children's Society is a residential home and gazetted place of safety for vulnerable children in Singapore who have been abused and neglected, or whose parents are unable to provide proper care. Pavilion Energy volunteers and residents of the home participated in a flower arrangement workshop together, giving them a creative outlet.



2. Green Nudge

Green Nudge is one of Singapore's leading green social enterprises that aims to build thriving green communities through meaningful experiences. Pavilion Energy volunteers participated in a coastal cleanup of Sembawang beach and learned about the impact of single-use plastics on our shorelines.



3. Voluntariado & Estrategia and Fundación Emilio Sánchez Vicario

Our team in Madrid worked with Voluntariado & Estrategia to develop community engagement activities for beneficiaries of Fundación Emilio Sánchez Vicario. The Foundation was started with the mission of promoting personal development and social integration through sports and education in Spain, and its beneficiaries include persons with disabilities. Volunteers from Pavilion Energy, as well as their family members, organised and participated in a Family Day event where they engaged in sports such as tennis with the beneficiaries.

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PAVILION
ENERGY

Celebrating  *Years of Excellence*

The anniversary logo consists of a stylized '10' where the '0' is a diamond shape with a smaller diamond inside it, similar to the main logo.