GenZero

Sustainability Report
2025/2026

Steadfast in Shifting Times

GenZero

About This Report

This is GenZero's second Sustainability Report. This report details our institutional and portfolio sustainability performance against our environmental, social, and governance (ESG) objectives.

The content is prepared considering the following frameworks and standards:

- IFRS S2 Climate-related Disclosures (ISSB Standards)
- Taskforce on Nature-related Financial Disclosures (TNFD)
- United Nations (UN) Sustainable Development Goals (SDGs)
- Operating Principles for Impact Management (OPIM)
- Greenhouse Gas Protocol (GHGP)
- Partnership for Carbon Accounting Financials (PCAF)

We will regularly review our alignment with relevant global reporting frameworks and standards.

Reporting Boundaries

General information as well as operational and financial data in this report refer to the financial year from 1 April 2025 to 31 March 2026 (FY 2026), unless otherwise stated. Climate impact data for 2025 refers to the calendar year from 1 January 2025 to 31 December 2025 (CY 2025).

Feedback

We value and welcome feedback on our Sustainability Report.
Please address all comments to **sustainabilityreport@genzero.co.**

Contents

About GenZero

We Seek Positive Climate Impact Alongside Long-Term Sustainable Financial Returns

GenZero is an investment platform company focused on accelerating climate action globally. Founded by Temasek, we seek to deliver positive climate impact alongside long-term sustainable financial returns by investing in a diverse range of scalable climate solutions.

Driven by a common purpose, we recognise the need for a holistic and integrated approach to achieve a climate-resilient world for future generations.

Investment Overview

S$5 billion
Initial capital committed

26
Total closed investments

26
Countries we are invested in*

READ MORE ON OUR INVESTMENT STRATEGY, P. 14

FY 2026 Key Highlights

4.4 $MtCO_2e$**
Cumulative realised direct climate impact achieved towards the 7 $MtCO_2e$ FY 2028 direct climate impact target

35 pp
Increase in share of investees measuring Scope 1 and 2 emissions, compared with FY 2024

2,100+
Total number of jobs created in CY 2025 by our 26 investees

69%
Of management positions held by women

900,000+ ha
Total sustainably managed land by our investees in CY 2025

* Country classification is based on: headquarters for direct investments; countries of the underlying assets for fund investments; and countries of implementation for nature-based solution programmes. Applying this updated methodology, GenZero was invested across 24 countries in FY 2025.

** Refers to cumulative realised climate impact achieved from CY 2022 to CY 2025, stake-adjusted by GenZero's equity.

Message From Our Chairman

We Remain Committed to Sustained and Principled Action

To be steadfast is not to be unmoved by change, but to remain anchored in our purpose.”

Climate progress over the past year has been affected by geopolitical tensions. Policy shifts and energy insecurity have exacerbated existing tensions between countries due to increasing trade frictions. Tariffs, export restrictions, and localisation requirements add to broader concerns around inflation and cost of living. While these geopolitical and macroeconomic challenges have both direct and indirect consequences for the climate, one thing is clear: they have taken attention away from the climate crisis and distracted us from the need for urgent action.

Fragmented standards and regulatory approaches across markets pose additional operational challenges, including:

- Higher compliance costs for companies
- Uncertainty around project eligibility and approval
- Hurdles to scaling climate solutions

In carbon markets, countries are taking different approaches to the use of offsets, project eligibility, and authorisation under Article 6.[1] In sustainable finance, taxonomies differ in how they assess transition activities.

For example, the EU allows certain gas-related activities only under strict conditions, while ASEAN uses a broader Amber category for activities in transition.[2,3]

For investors, these conditions are reshaping capital allocation and raising expectations for performance and credibility. Greater regulatory divergence and increased scrutiny make project assessments more complex for investors: similar projects may be treated differently across markets, which makes it harder to compare opportunities on a consistent basis. At the same time, tighter financing conditions are increasing the focus on risk, execution, and financial discipline. A higher cost of capital reflecting growing risks will mean that more projects become less bankable. Overall, investors will become more selective, with a stronger emphasis on clearer paths to viability and a lower risk appetite.

There is also growing reputational risk in taking any action at all. Scrutiny of climate-related claims is intensifying, and the bar for transparency and integrity has risen accordingly. In January 2026, for instance, the UK Competition and Markets Authority issued updated guidance on environmental claims across the supply chain, signalling increasing scrutiny and stronger enforcement expectations.

Message From Our Chairman continued

While greater scrutiny is good, we must be careful that guarding against greenwashing does not turn into greenhushing.

Against this backdrop, to be steadfast is not to be unmoved by change, but to remain anchored in our purpose. Climate action was previously driven primarily by the goal of limiting global warming. Today, it must be anchored in a broader and more durable rationale. Climate action is not only an environmental obligation but also a driver of resilience, opportunity, and long-term competitiveness. This expanded value proposition is what enables capital and policy to remain aligned across economic cycles, allowing climate progress to endure even amid volatility.

Our Board of Directors recognises the challenges ahead. We support GenZero's strategy of delivering its mission with pragmatism and discipline, balancing impact and returns. GenZero has expanded its portfolio to 26 investments across 26 countries, and we are advancing towards our target of at least 7 $MtCO_2e$ of cumulative direct realised climate impact by 2028. Amid policy volatility and geopolitical fragmentation, GenZero's approach remains clear: we aim to finance scalable solutions, back capable teams, and deliver meaningful impact.

This year, we remain resolute in our conviction that the world needs sustained and principled action. The work ahead remains demanding. It requires disciplined capital deployment, continued pursuit of opportunities in areas such as energy transition, adaptation and resilience, and a firm commitment to high-integrity standards. But this is the work that matters, and we remain steadfast in our commitment to do it well, in partnership with those who share a long-term view, despite the shifting times.

Sunny Verghese
Chairman
GenZero

READ MORE ON OUR PORTFOLIO PERFORMANCE, P. 27

Message From Our CEO

Advancing Climate Action With Resilience

In uncertain times, momentum in climate action can be sustained when ambition is matched with disciplined execution, credible standards, and strong partnerships."

It is a challenging time for investors in climate solutions. Tighter financing conditions, regulatory uncertainties, and macroeconomic headwinds are constraining access to capital. Sustainability-focused funds recorded US$84 billion in net outflows in 2025.[4] The availability of capital to scale climate solutions is under pressure that we have not seen in recent times.

At the same time, physical climate risks are becoming more severe. Global insurance-covered losses from natural catastrophes, driven by hurricanes and wildfires, reached US$137 billion in 2024.[5] In Southeast Asia, increased floods and extreme weather events have led to higher insurance premiums, stricter lender requirements, and additional capex for renewable and infrastructure projects.[6] The need for climate finance to address the climate crisis is even greater.

Against this backdrop, GenZero's work has the potential to be even more catalytic and impactful. At the GenZero Climate Summit last year, we discussed the importance of overcoming paralysis amidst the uncertainty. Over the past year, we have maintained a steady investment pace, making two new investments and three follow-on investments across six countries. We continue to prioritise investments with clear pathways to scale, applying disciplined and transparent measurement, and focusing on commercially viable models that deliver both climate outcomes and returns.

Nature and technology, reductions and removals, and mitigation and adaptation are not trade-offs. They are complementary levers to deliver resilient and scalable climate outcomes. Therefore, we continue to deploy capital to both Nature-based Solutions (NBS) and Technology-based Solutions (TBS) to enable both near-term mitigation and long-term transition.

Our investment in Terra CO2 supports the scale-up of low-carbon cement solutions that can reduce emissions in the built environment while maintaining commercial viability. We deployed considerable capital into NBS investments – supporting reforestation efforts from Brazil to South Africa. For example, we supported the Reforestation Fund in Brazil to restore up to 270,000 hectares of degraded land. Beyond carbon removal, this project generates biodiversity and community co-benefits.

Message From Our CEO continued

> **Our role is to stay selective, practical, and focused on outcomes that endure beyond short-term cycles."**

We continue to align investment priorities with more enduring, fundamental interests. Recent energy market disruptions due to the conflicts in the Middle East highlight the risks of relying on concentrated energy supplies. Diversified clean energy and alternative fuels improve resilience and energy security. In response, we are increasing our focus on scalable and cost-effective solutions in hard-to-abate sectors. In May 2026, we acquired a stake in Seraya Partners Fund I, an Asia-dedicated mid-market infrastructure fund focused on the region's energy transition and sustainable infrastructure development.

Mitigation and adaptation are increasingly interconnected. As climate risks increasingly affect project durability and long-term impact, we incorporate resilience considerations into investment decisions, including exposure to physical risks and supply chain stability. In parallel, we structure nature-based investments to deliver both carbon outcomes and environmental and social co-benefits, such as improved water management and local job creation. Together, these choices reflect a consistent approach to ensure longer-term viability of our projects.

In our inaugural Sustainability Report last year, we announced our target to achieve at least 7 million tonnes of cumulative direct realised climate impact by 2028. To date, our investments have reduced or removed 4.4 million tonnes of CO_2 on a stake-adjusted basis. Disciplined measurement remains a priority. We are a signatory to the Operating Principles for Impact Management (OPIM) and have obtained independent verification and assurance of our impact practice. As we expand our work into newer areas of climate solutions, especially in adaptation and resilience, we will evolve our impact framework to ensure that they track the appropriate and relevant metrics to deliver real-world climate impact.

Restoring confidence in climate markets remains critical. Bridging the financing gap requires both capital and credible market infrastructure. As multilateral consensus becomes harder to sustain, we are increasingly leveraging plurilateral coalitions and bilateral partnerships to drive implementation of high-integrity carbon markets.

At the GenZero Climate Summit 2026 in May, themed "Beyond Binaries", we convened over 1,800 attendees across three main stage events, and 12 partner and side events. We brought together senior leaders from government, business, finance, civil society, and the broader climate ecosystem to move beyond false binary choices and address climate challenges.

The launch of the Action for a Resilient Climate Coalition was a key milestone. The industry-led initiative is supported by 13 organisations and aims to aggregate corporate demand for high-integrity carbon credits. As a coalition partner, GenZero supports efforts to channel financing towards quality climate projects, for example, the development of a financing facility for early-stage initiatives. We joined the Steering Committee of the ASEAN Common Carbon Framework (ACCF), which aims to support a more unified, transparent, and efficient carbon market across ASEAN. Together, these initiatives reflect our broader commitment to building confidence in the market and supporting the growth of more trusted carbon markets.

These are grounds for cautious optimism. While financial conditions remain challenging, deployment continues in areas with clear economics and execution pathways. Innovation is reducing costs and the "green premium". In fact, some climate solutions like electric vehicles (EVs) are enjoying greater market penetration because they offer a "green discount". We can do well and do right more than ever before. The climate crisis does not wait for political cycles or funding windows. Climate action might not be linear. However, we remain encouraged by the continued steadfast commitment of partners, stakeholders, and colleagues.

Ultimately, momentum endures when ambition is matched with:

- Disciplined execution
- Credible standards
- Strong partnerships

The next phase of climate action will require more than conviction. Our role is to stay selective, practical, and focused on outcomes that endure beyond short-term cycles. In shifting times, our direction remains clear: to deliver sustainable financial returns and climate impact with integrity, purpose, and long-term resolve.

Frederick Teo
CEO
GenZero

READ MORE ON OUR STRATEGY, P. 09

GenZero Key Milestones in 2025-2026

2025

March-May 2025

Investment and Portfolio Milestones

First investment exposure in Brazil: **The Reforestation Fund**, which aims to conserve, restore, and reforest 270,000 ha of degraded landscapes across Latin America.

Ecosystem Development

Joined **Steering Committee of ASEAN Common Carbon Framework**. This initiative aims to create unified, transparent, and efficient carbon markets across ASEAN to achieve the region's long-term environmental goals.

Launched the **Green Fuel Forward** (GFF) initiative to grow voluntary demand for sustainable aviation fuel (SAF) certificates in Asia Pacific.

June 2025

Investment and Portfolio Milestones

First investment in the built environment sector: **Terra CO2**, a leading US-based low-carbon construction materials company that transforms abundant, inexpensive, and local feedstocks into supplementary cementitious material that replaces Ordinary Portland Cement (OPC).

READ MORE ON **PORTFOLIO DEEP DIVES**, P. 23

Ecosystem Development

Concluded participation in **Project Frame's** Case Studies Working Group, focused on measuring the impact of climate solutions in Asia.

PROJECT FRAME

Institutional Achievements

Developed and implemented our **AI Governance Framework** to ensure the responsible deployment of AI tools across the organisation.

READ MORE ON **GOVERNANCE AND CORPORATE POLICIES**, P. 41

August 2025

Ecosystem Development

Convened the 2nd **GenZero Climate Summit Insights** in Manila with ACEN and DBS Bank to discuss accelerating Asia's coal phase-out.

September 2025

Investment and Portfolio Milestones

The **Kwahu Landscape Restoration Project** in Ghana, developed by AJA Climate Solutions, secured a contract valued at S$15 million through the Singapore Government's first procurement exercise for Article 6-aligned nature-based carbon credits.

Institutional Achievements

Published our first **Sustainability Report**, disclosing our 7 $MtCO_2e$ cumulative direct climate impact target for FY 2028 and establishing a public baseline for institutional and portfolio performance reporting.

GenZero Key Milestones in 2025-2026 continued

2026

January–March 2026

Investment and Portfolio Milestones

Joined the **All Aboard Coalition**, a collaborative investor group that mobilises capital for the scale-up of climate technologies.[7]

Institutional Achievements

Updated GenZero's **ESG Policy**, strengthening our approach to ESG risk management with clearer guidelines and defined processes to support consistent implementation across our investment and institutional activities.

READ MORE ON **ESG POLICY**, P. 41

April 2026

Investment and Portfolio Milestones

The Good Rice Alliance (TGRA) secured a long-term offtake agreement with Amazon for more than 685,000 tCO_2e of carbon credits generated from methane emissions reduction in rice cultivation across India.

The **Imperative Spekboom Ecosystem Restoration Project**, closed a US$91 million first-of-a-kind blended finance package with a World Bank Outcome Bond alongside a streaming facility from private investors. This is backed by a long-term offtake agreement with Amazon for a material portion of carbon credits generated from carbon sequestration from native species restoration in South Africa.

Ecosystem Development

Published a position paper **"Foundations for the Carbon Market"** jointly with Eng and Co. LLC and PwC Singapore, in partnership with Singapore Sustainable Finance Association (SSFA), consolidating perspectives from industry stakeholders.

The paper analysed legal and accounting positions relating to carbon credits, and called on policymakers to provide legal clarity on the nature of carbon credits, support cross-border harmonisation, and enable decision-useful disclosures to help scale the voluntary carbon markets.

May 2026

Investment and Portfolio Milestones

Terra CO2 raised US$10 million from **All Aboard Fund**. This is the Fund's second portfolio investment.

Institutional Achievements

Published our **first OPIM disclosure statement** in conjunction with this Sustainability Report.

Ecosystem Development

Convened the 4th **GenZero Climate Summit** themed 'Beyond Binaries', our largest edition to date.

Convened **GenZero Climate Summit Insights:**

- **Nature, Markets, Scale** in collaboration with UN Environment Programme (UNEP) to explore how finance, policy, and market signals can unlock scale for NBS.
- **Legal & Accounting Forum** in collaboration with Allen & Gledhill, HFW, and Linklaters to examine key legal, accounting, and regulatory challenges and the frameworks for scaling the carbon market.

Investment and Portfolio Milestones

Acquired a stake in **Seraya Partners Fund I** through a secondary transaction to support Asia's energy transition and sustainable infrastructure development.

Ecosystem Development

Supported and launched a report on transition credits by the International Energy Agency (IEA) titled "**Financing the Modernisation of Power Systems Beyond Coal**", which outlined recommendations for countries to integrate coal transition pathways and transition credits into power systems planning.

Contributed to the launch of the **Action for a Resilient Climate Coalition**, an industry-led and multi-sector initiative to mobilise demand and financing for carbon credits.

GFF marked its first anniversary, growing to **45 organisations**. Over the past year, GFF conducted workshops and developed training resources to support members in making pilot purchases of SAF certificates.

Strategy

In This Section

Our Theory of Change

From Capital to Climate: The Path to Impact

The World Meteorological Organization (WMO) confirmed that 2025 was one of the three warmest years on record. Average temperatures reached 1.44°C above pre-industrial levels, bringing the world increasingly close to the Paris Agreement's 1.5°C threshold.[8] This is not a temporary fluctuation. Even with all current Nationally Determined Contributions (NDCs) fully implemented, global emissions would only drop by about 15% by 2035. This falls short of the 55% reduction needed to align with the 1.5°C pathway.[9]

Our Mission

GenZero's mission is to accelerate climate action globally, and our work has become even more relevant and urgent. Deploying capital into climate solutions with near-term commercial traction is both an environmental and economic necessity. Increasing physical climate risks translate directly to business volatility. Assets and business models that fail to adapt will face increased pressure on their long-term commercial viability.

Our Strategy

Climate investments should focus not only on mitigation but also on adaptation. Even the best-case mitigation scenario still leaves residual global warming. We recognise that mitigation and adaptation need to advance in parallel: while mitigation curbs greenhouse gas (GHG) emissions, investment in adaptation measures will reduce the damage that residual warming will inevitably cause.

As an investor, we aim to tackle the following challenges:

1. **Widening global financing gap for climate solutions**
2. **Lack of growth capital for commercially viable technology solutions**
3. **Lack of consensus around the use of carbon credits**
4. **Insufficient emphasis on climate adaptation and resilience**

To address these challenges, our shareholder, Temasek, allocated S$5 billion to GenZero to invest in scalable climate solutions that can deliver both financial returns and positive climate impact.

We provide capital to bridge the global financing gap, enable carbon markets to finance promising solutions, help shape the international decarbonisation ecosystem, and build resilience to address climate vulnerabilities.

Investment Solutions

We recognise that all types of solutions are needed across NBS, TBS, and Carbon Ecosystem Enablers (CEE), providing emissions reduction and removal together with other environmental and social co-benefits. The solutions we invest in need to demonstrate near-term commercial traction.

In the current economic landscape, many critical solutions struggle to scale due to inadequate funding, a lack of robust market mechanisms, and insufficient regulatory support to incentivise demand. However, there are solutions that are commercially viable and enjoy regulatory tailwinds. In short, commercial opportunities in climate investing exist.

Beyond measuring our direct climate impact, we are prioritising the measurement of resilience-driven outcomes to capture the full spectrum of co-benefits generated by our investment portfolio. As the commercial case for dedicated adaptation measures strengthens, we are exploring opportunities where synergies exist.

We believe that carbon markets are essential to scale climate finance. However, there is an ongoing debate over how carbon credits should be used within high-integrity climate strategies. Market fragmentation and scrutiny of credit quality reflect an industry in transition, as standards and integrity frameworks continue to evolve. Strengthening alignment and market confidence will be critical to unlocking scalable climate finance. For this reason, we lead and participate in coalitions and industry initiatives to strengthen demand and address supply-side challenges in carbon markets. We leverage events and platforms to convene global leaders and advocate for more robust, transparent carbon markets.

Our **Theory of Change** outlines our mission, goals, and the impact we achieve. It serves as a roadmap for our stakeholders to understand GenZero's role in the fight against climate change.

Our Theory of Change continued

1. The Objectives

1 Achieve sustainable financial returns

GenZero aims to generate resilient financial returns to sustain our work, drive continued investment in climate solutions, and prove that decarbonisation is a viable and scalable economic opportunity.

By building a strong portfolio and creating value for our investees, we aim to attract more capital to climate-aligned investments and contribute meaningfully to the net-zero transition.

2 Generate climate impact

GenZero actively measures realised direct and indirect climate impact generated through our investments.

This is the amount of carbon emissions that has been reduced or removed through the deployment of climate solutions. To account for the climate impact that is attributable to GenZero, we adjust the impact by our stake in each investment.

2. The Pathway

1 We mobilise capital across our three investment pillars and by actively collaborating with key ecosystem players to strengthen carbon markets.

We drive impact by:

- Scaling up capital deployment into emerging and proven decarbonisation solutions
- Enhancing the credibility and liquidity of carbon markets to drive financing into high-integrity climate solutions
- Ensuring our investments generate co-benefits for communities and ecosystems and contribute meaningfully to the net-zero transition

2 We achieve our mission through a collaborative, multi-stakeholder approach.

We work closely with:

- Our investees to accelerate their growth and impact
- Industry leaders, regulators, and standard setters to shape the global decarbonisation agenda
- Government and institutional partners to align on policy and investment efforts
- Our shareholder, Temasek, and industry peers to scale sustainable investment strategies

3. The Challenge

Rising GHG emissions are accelerating global warming and intensifying climate hazards, resulting in systemic physical and economic damage across ecosystems and communities.

This is driven by:

1 Widening global financing gap for climate solutions

of approximately US$7.8 trillion per year towards climate solutions to meet the Paris Agreement goals by 2030.[10]

2 Lack of growth capital for commercially viable technology solutions

For instance, about 35% of the emissions reduction needed to achieve Paris Agreement goals come from technologies that are still in development and are not commercially viable.[11]

3 Lack of consensus around the use of carbon credits

Fragmented standards and disagreements over the validity of credit usage constrain the market's ability to channel finance at scale.

4 Insufficient emphasis on climate adaptation and resilience

If all NDCs were fully implemented, global emissions would fall only approximately 15% by 2035 – far below the 55% reduction needed to meet the Paris Agreement goals.[12] Even the best-case mitigation still leaves residual warming that demands adaptation.

Our Theory of Change continued

4. The Solutions

Advancing decarbonisation technologies, supporting the protection and restoration of natural ecosystems, promoting high-integrity carbon markets, and building resilience to address climate vulnerabilities.

This is driven by:

1. Deploying capital across **NBS, TBS, and CEE**, we prioritise investments that demonstrate **near-term commercial traction** and generate **environmental and social co-benefits**.
2. Expanding our measurement framework beyond **direct climate impact to include resilience-driven outcomes** and to explore **investable opportunities in adaptation and resilience**.
3. Actively **leading coalitions**, **participating in industry initiatives,** and **convening global leaders** to build demand and address supply-side challenges in carbon markets.

Inputs

- Initial capital commitment of S$5 billion
- Deep sectoral expertise
- ESG and climate impact considerations incorporated in investment process

Actions

- Investments in actionable decarbonisation pathways to achieve net zero
- Investments in carbon credit-generating opportunities
- Investments in adaptation and resilience solutions
- Resources and expertise to support investees
- Contributions to the global discourse through thought leadership papers and events, facilitating stakeholder collaboration

Outcomes

- Development of Nature-based and Technology-based Solutions
- Expansion of portfolio and project pipeline
- Conservation and restoration of natural ecosystems
- Strengthening long-term resilience to climate impacts
- Enhancement of community livelihoods and broader socio-economic co-benefits through ecosystem conservation
- Creation of green jobs and skills development opportunities

Impact

- Acceleration of global decarbonisation pathways
- Measurable GHG emissions reduction and removal
- Enhanced climate resilience through improved natural resource management, physical risk reduction, and adaptation of communities and infrastructure to climate impacts
- Market adoption of high-integrity carbon credits and climate innovations

The State of Global Decarbonisation

Silver Linings in a Clouded Operating Environment

Decarbonisation is increasingly being pursued not only as a climate ambition but also as a means of strengthening energy security, economic resilience, and industrial competitiveness."

Anshari Rahman
Policy and Analytics Director
GenZero

The past year tested a foundational assumption of global climate cooperation: that shared environmental urgency would sustain coordinated action across geopolitical divides. Yet the momentum of climate action has not stalled – it has evolved. Decarbonisation is increasingly being pursued not only as a climate ambition but also as a means of strengthening energy security, economic resilience, and industrial competitiveness. Against this backdrop, two realities now define the operating environment for climate action and carbon markets.

Plurilateral Coalitions Will Displace Multilateral Consensus to Drive Action

While we are facing more headwinds against climate action, there is still positive momentum. The Paris Agreement rulebook is largely set, and the Article 6 framework is being operationalised. However, in this next phase, action will be driven by plurilateral coalitions and bilateral partnerships rather than universal consensus.

Across Asia, domestic carbon markets are accelerating. Japan's Green Transformation Emissions Trading Scheme (GX-ETS) moves to mandatory participation in 2026; South Korea and China are expanding their emissions trading systems (ETS); Indonesia re-entered international carbon trading in October 2025; and ASEAN countries are adopting international standards to attract low-carbon investments.

The 30th Conference of the Parties (COP30) in Belém demonstrated the plurilateral model in full swing. The focus at the United Nations Framework Convention on Climate Change (UNFCCC) has shifted from exhibition halls to negotiation rooms where deals are struck. Two landmark coalitions emerged from COP30: First, The Coalition to Grow Carbon Markets, co-chaired by Singapore, Kenya, and the UK, introduced shared principles for high-integrity use of carbon credits for corporates; Second, Brazil's Open Coalition on Compliance Carbon Markets, now joined by 18 participants including China, the EU, and Canada, seeks to connect compliance systems and standardise monitoring, reporting, and verification (MRV) practices globally.

COP30 confirmed the formal closure of the Clean Development Mechanism (CDM) by the end of 2026, consolidating the transition to the Article 6 Framework. More than 100 Article 6 bilateral agreements have now been signed globally, signalling growing operational momentum.[13] Together, these developments reinforce the shift from multilateral consensus to plurilateral and bilateral cooperation.

The State of Global Decarbonisation continued

GenZero has been an active contributor to enabling policy developments. Our joint Call to Action with Integrity Council for the Voluntary Carbon Market (ICVCM), Voluntary Carbon Markets Integrity Initiative (VCMI), and the World Bank, backed by 23 industry partners, urged stronger regulatory oversight and policy clarity for carbon markets. The principles advanced in that Call to Action were reflected in the Shared Principles of the Coalition to Grow Carbon Markets, launched at COP30.

In May 2025, we co-launched GFF initiative with the World Economic Forum to grow voluntary demand for sustainable aviation fuel (SAF) certificates in Asia Pacific. The GFF initiative has since expanded to 45 organisations, with workshops and resources to support their procurement journeys. In August 2025, the GenZero Climate Summit Insights in Manila convened buyers and industry partners to advance coal phase-out through transition credits. These efforts reflect our belief that credible climate progress today is built through sustained, purposeful engagement with the ecosystem.

Carbon Markets Are a Real Policy Lever

Carbon markets are no longer peripheral to climate policy. Carbon pricing mechanisms (ETS and carbon taxes) now cover approximately 28% of global emissions, generating more than US$100 billion in annual revenues for the second consecutive year.[14] Voluntary and compliance markets are converging structurally, with offsets gaining prominence as flexibility mechanisms within compliance schemes. The EU is considering the inclusion of carbon removal credits within its ETS from 2026, while China continues to expand its national ETS to additional high-emitting sectors.

The EU's Carbon Border Adjustment Mechanism (CBAM) enters full operational effect in 2026, expanding the universe of entities with direct carbon price exposure. Carbon pricing mechanisms are also gaining traction in other markets. Singapore's carbon tax is slated for an increase towards a S$50–80/t$CO_2$e range by 2030.[15] In Japan, the GX-ETS entered its mandatory phase from April 2026 with a price corridor of ¥1,700–4,300 with plans to raise the levels annually by 3% plus inflation.[16] These developments signal a broader shift towards pricing emissions more directly, increasing the incentive for companies to measure, manage, and reduce their carbon emissions.

Compliance and regulated demand will be critical in growing the market. While quality is improving, regulatory ambiguity continues to weigh on project developers and investors. Unclear authorisation processes, slow issuance of Letters of Authorisation, and inconsistent national implementation frameworks raise the cost and risk of developing high-integrity supply. The consequences are real: when regulatory certainty fails to materialise, projects stall, capital retreats, and compliance markets face supply gaps precisely when they need depth. Greater policy clarity and consistency from governments are essential to maintain investor confidence and sustain project development pipelines.

Nowhere is the urgency more tangible than in aviation. The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) transitions to mandatory participation for nearly all International Civil Aviation Organization (ICAO) member states in 2027, with airlines required to surrender Eligible Emissions Units against 2024–2026 emissions by January 2028. The International Air Transport Association (IATA) projects demand of over 200 million units for Phase I alone,[17] at an estimated cost of US$4–5 billion.[18]

However, CORSIA-eligible credit supply remains severely constrained by the pace of host-country authorisations under Article 6. Industry analysis points to a projected approximately 30% supply gap when mandatory compliance begins. This is a broader signal for corporates across all sectors. As compliance obligations expand and the supply of high-integrity credits in the voluntary carbon markets (VCM) tightens, the window to build a defensible carbon credit portfolio at reasonable cost is closing.

Corporates that establish procurement relationships, secure long-term offtakes, and put in place governance frameworks today will be better positioned as supply tightens and compliance demand grows. Those that delay may face higher prices, constrained supply, and increased transition risk.

"The architecture of a functioning global carbon economy is being built, deal by deal, coalition by coalition."

Investment Strategy

Navigating an Uncertain Climate Investment Landscape

As regulatory and policy forces behind climate action weaken, demand for climate solutions will increasingly have to be market-led. We remain focused on commercially viable solutions and projects that can compound climate impact by generating real returns and scale over the long term."

Kimberly Tan
Managing Director and
Head of Investments
GenZero

Macroeconomic headwinds, escalating tariffs, policy shifts, and geopolitical tensions continue to impact the flow of capital to climate solutions.

The World Bank estimated global real gross domestic product (GDP) growth at 2.7% in 2025, with a further slowdown to 2.6% in 2026.[19] In 2025, the average effective US tariff rate rose to around 17%, its highest level since the 1930s.[20] The EU Industrial Accelerator Act has raised concerns around protectionism. Against that backdrop, growth in global goods and services trade slowed to 3.4% in 2025 and is expected to decrease further to 2.2% in 2026.[21]

The economic impact of the Iran war is expected to spread beyond the energy sector and into the real economy, with broad downstream cost implications across many sectors reliant on fossil-based inputs.

These macroeconomic and geopolitical pressures have been compounded by notable climate policy setbacks. In the US, the One Big Beautiful Bill Act (OBBBA), signed in July 2025, accelerated the phase-out of the majority of the Inflation Reduction Act (IRA) clean energy tax credits. In Europe, a provisional agreement on the Omnibus Simplification Package scaled back the Corporate Sustainability Reporting Directive (CSRD), exempting approximately 80% of previously covered companies from mandatory sustainability reporting and weakening the regulatory signal for corporate climate action.[22]

Our Climate Ambition Is Increasingly Intertwined With Economic Value

These regulatory headwinds have affected voluntary climate action. The VCM contracted in 2025, with credit retirements falling 7% to 157 million tonnes.[23] Climate technology financing also experienced a sustained downturn. Global climate tech funding fell 40% year on year in 2024.[24] Venture and growth investment declined further by 19% in the first half of 2025, with early-stage deal counts reaching a five-year low.[25]

This confluence of events has reinforced several key lessons:

- Investment underwriting must be policy-resilient and commercially robust
- Solutions at the intersection of decarbonisation and energy security will see additional tailwinds
- The chronic under-investment into mitigation solutions will make adaptation solutions increasingly relevant

Investment Strategy continued

Investment Pillar Considerations

Our near-term focus within each of our core investment pillars reflects how we have adapted to the current environment.

NBS

To mitigate heightened risks in the voluntary carbon markets, we have sharpened our focus on projects with non-carbon revenues, such as sustainable forestry. Where project economics depend materially on carbon credits, credible demand signals in the form of secured offtake are important, as is fungibility across voluntary and compliance use cases (e.g. Article 6, domestic carbon taxes and CORSIA).

These factors help to offset the dual risks of uncertain corporate demand and host country non-compliance.

TBS

With corporates more hesitant in the current risk-off environment, drop-in solutions that slot into existing workflows, equipment, or infrastructure are best placed for adoption and growth. These include technologies like green supplementary cementitious materials that move through existing cement mixing, batching, and distribution networks.

Solutions like biomethane and geothermal, which augment energy security by diversifying away from foreign-sourced fossil fuels, also benefit from clear tailwinds in the current geopolitical environment.

CEE

As the world grapples with the effects of climate change, the commercial case for adaptation and resilience solutions is strengthening. Insurance solutions for asset-owners and businesses will become increasingly critical as climate-related physical risks worsen.

Software solutions that help asset owners monitor and address risks to their existing physical asset base should also see accelerating adoption.

Our Strategy: Principled Pragmatism

The climate investment landscape will remain challenging. However, the commercial logic for decarbonisation is strengthening, driven by:

- Energy security imperatives
- Tightening compliance requirements
- The escalating physical and economic costs of inaction

Our investment and portfolio management strategy adapts to the new reality while remaining true to our double bottom line mandate to deliver both sustainable financial returns and climate impact. This requires a resilient portfolio and a dynamic approach to evolving market conditions and carbon market developments.

READ MORE ON OUR PORTFOLIO DEEP DIVES, P. 20

Portfolio Value Creation

Enhancing Business Growth and Resilience

Our Key Activities for Portfolio Value Creation

As our investees mature and expand, their ability to influence real-world climate outcomes grows in tandem. Our role is to support that journey, within our capacity, by ensuring that operational scale and financial performance reinforce one another. Our work on value creation is centred on supporting our investees to build resilient, market-driven climate solutions that translate climate ambition into commercial reality.

1 Enabling Growth Opportunities Through Our Networks

We leverage our industry networks to help investees create strategic partnerships.

We connect our investees with corporates, investors, policymakers, and ecosystem partners through forums such as the GenZero Climate Summit and Insights series. These initiatives:

- Facilitate targeted dialogue
- Enable participation in emerging value chains
- Help investees strengthen their commercial positioning

By combining investee engagement with ecosystem connectivity, GenZero plays a catalytic role in helping investees scale more effectively in an evolving market environment.

2 Enhancing Risk Management Processes

We support our investees in strengthening enterprise risk management, internal controls, and governance structures.

Through our board representation and ongoing engagement with management teams, we promote the integration of climate, regulatory, and operational risks into decision-making processes and encourage robust oversight at both management and board levels. Drawing on our internal risk and policy analysis, we help investees identify key risk drivers and navigate increasingly complex and evolving markets.

This approach supports alignment with high-integrity standards while helping investees build resilience and scale their operations.

3 Providing Guidance Amidst Policy and Macro Landscape Changes

We work with our investees as they navigate shifting regulatory landscapes and anticipate potential market inflection points.

Through board representation and engagement with management teams, we work alongside investees to sharpen and adapt go-to-market and other commercial strategies to improve their competitive positioning. We engage our investees on policy and macro developments that shape climate markets. We closely monitor changes in carbon market standards, VCM and compliance market dynamics, and broader economic trends, and we share these developments as actionable insights with investees. This helps investees:

- Anticipate changes in market expectations
- Respond to shifting demand signals
- Align their strategies with a changing operating environment

4 Generating Climate Impact and Improving ESG Performance

We engage with our investees to catalyse their climate impact and support the development of their ESG capabilities.

We provide guidance on ESG frameworks and encourage investees to embed these considerations into their business strategy and operations. For example, we help build investees' capacity in carbon accounting based on internationally recognised standards. We support supplier screening frameworks and product-level life cycle assessments (LCA) to improve data quality and transparency. This enables more consistent tracking of climate impact as well as environmental and social outcomes across our portfolio.

Climate Impact Measurement

Measuring Climate Impact With Integrity, Transparency, and Accountability

Types of Impact and Timeframe

- **Direct climate impact** refers to climate solutions that directly remove or reduce GHG emissions. Conversely, indirect climate impact refers to products or services along the value chain that enable the production of direct climate impact.
- **Realised climate impact** refers to verified reductions or removals that have occurred during the holding period, whereas planned impact reflects a forward-looking estimate of emissions reduction or removal based on information such as commercial forecasts and project design.
- For it to count as verified and realised, the impact needs to undergo **external assurance**, such as third-party verification by recognised LCA assessors or validation and verification bodies.
- **Planned climate impact** is used internally to inform investment decisions, and only verified realised impact is counted towards our climate impact targets and reported externally.

Attribution

To account for our share of the impact and minimise double counting, we use GenZero's ownership stake in the investee that generates the climate impact. For direct climate impact, the attribution is straightforward as the investees that directly reduce or remove emissions typically have full responsibility for the impact generated.

For indirect climate impact, attribution becomes more complex. Multiple actors may contribute to the same downstream outcome. Allocating impact across the value chain risks oversimplifying these interdependencies. In the absence of industry-aligned standards, we report indirect climate impact separately on a stake-adjusted basis, without further value chain allocation. This provides visibility on the scale of our climate impact while acknowledging current methodological limitations.

We align with evolving best practices in climate impact measurement through our participation in Project Frame and as a signatory to OPIM, hosted by the Global Impact Investing Network (GIIN).

Climate Impact Measurement

GenZero defines climate impact as the reduction or removal of GHG emissions. We use our Climate Impact Measurement Framework to track our performance against our climate impact targets. The methodology is underpinned by the following principles and considerations:

Key Principles

1. **ADAPTABLE**
   Adjusts to evolving industry consensus
2. **DEFENSIBLE**
   Holds up to public scrutiny
3. **SIMPLE**
   Can be calculated by investment teams
4. **EXPLAINABLE**
   Understood and used by investment committees and stakeholders to make better decisions

Key Considerations

In applying GenZero's Climate Impact Measurement Framework, we count only direct, realised, stake-adjusted climate impact towards our targets. Our target is to achieve at least 7 $MtCO_2e$ of cumulative direct, realised, stake-adjusted climate impact by FY 2028.

- **TYPES OF IMPACT** (direct vs. indirect)
- **ATTRIBUTION** (vertical vs. horizontal)
- **TIMEFRAME** (realised vs. planned)
- **OPTIMISATION** (efficiency metrics)
- **TARGET-SETTING** (short vs. long-term; bottom-up vs. top-down)

Climate Impact Measurement continued

E&S Findings

We collect data across 29 environmental and social (E&S) metrics spanning nine impact areas, mapped to nine UN Sustainable Development Goals (SDGs). The selection of these nine impact areas reflects the most material E&S dimensions that our investee companies contribute to. These metrics are designed to complement our climate impact measurement by tracking data in areas such as water and energy savings, community livelihoods, and partnerships.

Environmental

170+
Total threatened species protected on land

900,000+
Total hectares of sustainably managed land

Across all NBS companies reported (n = 10)*

SDG Alignment

2 ZERO HUNGER; 6 CLEAN WATER AND SANITATION; 7 AFFORDABLE AND CLEAN ENERGY; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 15 LIFE ON LAND

Social

10,800+
Total training hours offered to employees

2,100+
Total number of jobs created by investee projects

Across all investee companies reported (n=26)*

SDG Alignment

1 NO POVERTY; 8 DECENT WORK AND ECONOMIC GROWTH

Partnership & Innovation

1,800+
Total clients supported with climate services

60+
Total knowledge-sharing / capacity-building activities

Across all CEE companies reported (n=5)*

SDG Alignment

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE; 17 PARTNERSHIPS FOR THE GOALS

* Environmental, social, and operational data as reported by the investee company.

Project Frame

GenZero is a member of Project Frame, aligning our climate impact measurement approach with Project Frame's principles.[26]

OPIM

We are guided by the Operating Principles of Impact Management, or OPIM, in the implementation and continuous improvement of our Climate Impact Measurement Framework. We became signatories in September 2025 and have published our first disclosure statement in conjunction with this Sustainability Report.

→ READ MORE ON OPIM DISCLOSURE STATEMENT

Impact Measurement Beyond Carbon: Co-Benefits

The impact of our investments goes beyond climate. Our NBS investments, for instance, protect and restore natural ecosystems while benefiting local communities and biodiversity. We have expanded our impact measurement approach to capture the broader environmental and social co-benefits generated across our portfolio – both to provide a more complete picture of our impact today and to lay the groundwork for monitoring adaptation and resilience in the future. We continue to engage our investee companies to embed sustainable practices in their operations. This report presents aggregated responses on key E&S metrics for reporting investee companies in 2025.

Portfolio Performance

In This Section

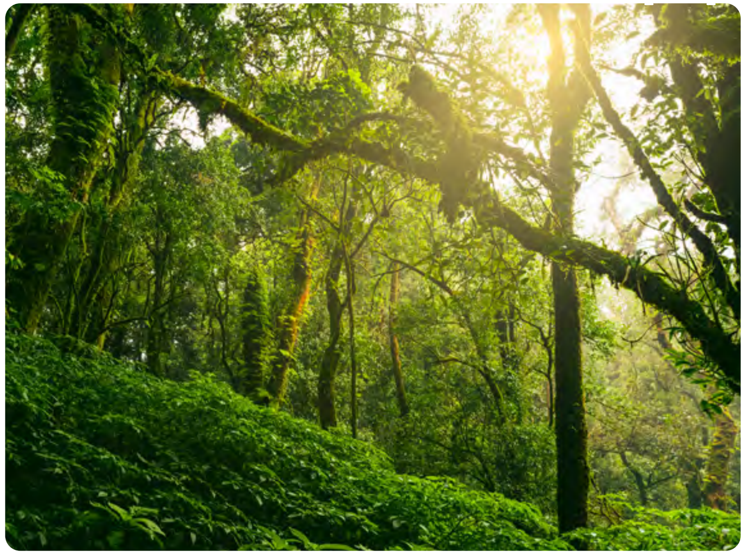
Portfolio Deep Dives

Our Approach to Investment

We pursue a flexible investment approach across three focus areas to drive climate impact.

NBS

Conservation or restoration of natural ecosystems

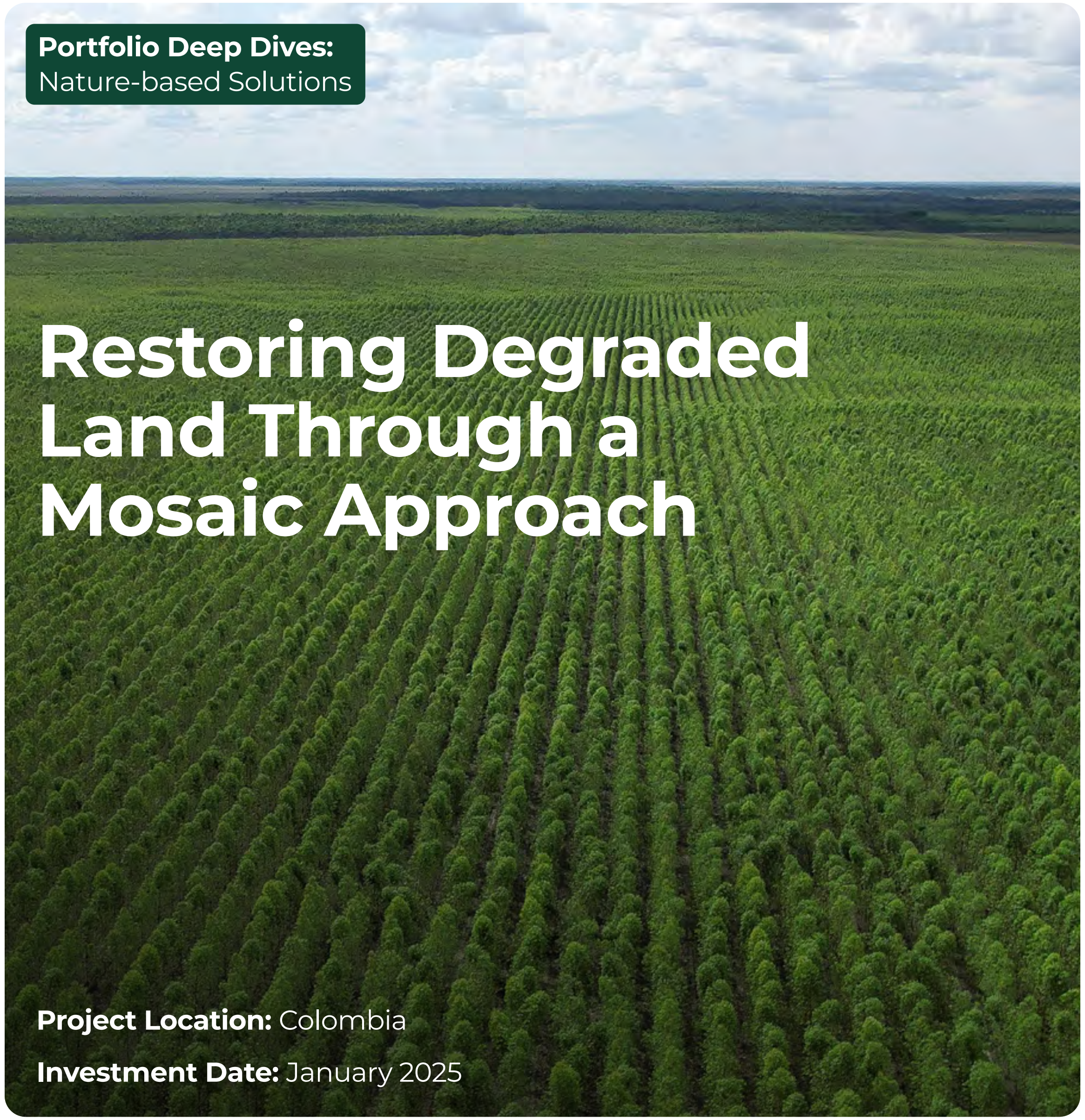


TBS

Technology solutions with high technological and commercial readiness that can drive near-term decarbonisation at scale

CEE

Solutions that allow corporates to decarbonise using carbon finance and other intelligence offerings



Portfolio Deep Dives:
Nature-based Solutions

Restoring Degraded Land Through a Mosaic Approach

Project Location: Colombia

Investment Date: January 2025

Brújula Verde

About the Project

Project Brújula Verde (Gold Standard ID: 23254) is a landscape-scale nature-based removal initiative dedicated to recovering degraded land in Colombia's Orinoco River Basin. It uses a high-integrity mosaic approach that integrates mixed-species planting and assisted natural regeneration.

Industry Landscape

Afforestation, Reforestation and Revegetation (ARR) projects refer to the establishment or restoration of tree cover on eligible non-forested or degraded lands to remove carbon through sequestration in biomass.[27] ARR complements reduction-based approaches such as Reducing Emissions from Deforestation and Forest Degradation (REDD+) and Improved Forest Management (IFM) by generating new biomass and enhancing carbon stocks.

Beyond carbon mitigation, ARR projects can generate meaningful co-benefits such as biodiversity restoration, soil recovery, water regulation, and local climate resilience. By restoring natural habitats, around two-thirds of projects show measurable biodiversity uplift.[28]

Ecosystem restoration also improves soil and water health, reducing local erosion risk and improving water retention. These ecosystem services in turn strengthen community resilience to drought, flooding, and extreme weather.[29] Accordingly, local communities could benefit not only from the economic opportunities generated by ARR projects but also from the broader ecological improvements and resilience benefits.

Challenge

The Vichada Department of Colombia has experienced substantial ecological degradation, driven by decades of intensive agricultural activities, anthropogenic burning, and unsustainable cattle ranching. These factors have resulted in significant soil compaction, erosion, and altered fire regimes, which constrain natural forest regeneration and deplete soil organic carbon. The primary challenge is to reverse this degradation in one of Colombia's most biodiverse but poorest regions, where approximately 70% of the population lives in poverty, and limited infrastructure remains a significant barrier to sustainable development.[30]

Portfolio Deep Dives continued

Operational and E&S highlights*

180,374 m³

Water savings in CY 2025 as a result of their water conservation programmes

4

Threatened species protected on land directly controlled by Brújula Verde as of CY 2025

196

Local jobs created by the project as of CY 2025

Given the level of baseline degradation, implementation costs for native species restoration would be high. These costs are driven by lower germination rates and uncertain survival rates of young native seedlings, and operational constraints in securing sufficient supplies of native seeds. In addition, planted native species tend to accumulate biomass more slowly initially, which constrains the generation of carbon credits and cash inflows during the early years of the project.

Impact

Brújula Verde addresses these challenges by implementing a "restoration bridge" concept across 20,000 hectares to recondition soil health. While *Eucalyptus pellita* is used as a short-term nurse species to accelerate biomass growth, improve water cycles, and aid soil recovery, the project follows a defined ecological succession plan towards a diverse, native-dominated canopy. This rigorous approach earned a BeZero Carbon "AA.pre" rating, placing Brújula Verde in the top 4% of rated ARR projects globally. A key milestone this year was the project's first carbon credit issuance on 22 May 2026.

The project is implemented and managed by Inverbosques, a Colombian forestry company with more than 20 years of experience in Vichada, with South Pole providing carbon advisory services. Strategic technical partners include:

- NatureMetrics for eDNA biodiversity monitoring
- Arkadiah for digital MRV tracking via LiDAR
- Ingeobosque for third-party auditing

Beyond meeting Gold Standard carbon requirements, the project voluntarily adopts high-integrity features, such as dynamic baseline assessments and alignment with International Finance Corporation (IFC) Performance Standards and Forest Stewardship Council (FSC) certification.

The project works alongside local communities to support initiatives that strengthen access to basic services, education, and job opportunities, helping address long-standing structural challenges in the department. To date, the project has contributed to the creation of hundreds of direct and indirect jobs in a region with one of Colombia's highest unemployment rates, and employee compensation remains above Colombia's legal minimum wage.

GenZero's Role

GenZero provides the patient capital essential for high-integrity NBS, which require long-term stewardship to reach maturity. Our funding, alongside Trafigura's, allowed the project's expansion to 20,000 hectares and supported the development of a nursery with a simultaneous production capacity of 19 million eucalyptus seedlings and 3.5 million native seedlings.

Beyond funding, we provide strategic support by aligning the project with leading global benchmarks for carbon integrity and sharing governance practices.

* Environmental, social, and operational data as reported by the investee company

Portfolio Deep Dives:
Technology-based Solutions

Decarbonising Cement With Scalable, Cost-Competitive, Low-Carbon Materials

Headquarters: US

Investment Date: June 2025

About the Company

Founded in 2016, Terra CO2's mission is to decarbonise cement and concrete production by developing scalable and cost-competitive low-carbon supplementary cementitious materials (SCMs) via a proprietary process which can work with a diverse range of non-carbonate, silicate-based feedstocks, including mining waste.

Industry Landscape

The cement industry accounts for 7% of global emissions annually.[31] With continued urbanisation and population growth, the sector is expected to expand further, with cement and concrete emissions projected to reach 3.8 $GtCO_2$ annually by 2050 under a current practice trajectory.[32] Unlike many industries where emissions can be reduced primarily through fuel switching or energy efficiency measures, cement's carbon intensity is largely attributable to the calcination of its primary raw material, limestone, which accounts for roughly two-thirds of total emissions in the production process.[33] Effective decarbonisation will require a substitution of carbonate rocks and operational improvements. The decarbonisation of cement and concrete production is being pursued through a range of technological pathways.

These include:

- **Carbon capture, utilisation, and storage (CCUS):** Interception of emissions at the point of cement production, requiring site-specific infrastructure such as CO_2 transportation and storage
- **Novel cements:** Alternative chemistries (e.g. electrochemistry) to produce cement using non-carbonate rocks, significantly reducing process emissions
- **Engineered SCMs:** Alternative raw materials such as clay, silicate rocks, and industrial waste to be processed to produce cementitious end products with a lower carbon footprint
- **Carbonated products:** CO_2 sequestration into SCMs, concrete, and aggregates to generate positive climate benefits

Given the pressures to decarbonise the built environment, we expect to see robust demand for low-carbon cement alternatives that can be manufactured at cost parity with conventional cement. Given the significant existing installed asset base of cement plants, technological pathways that complement existing infrastructure are likely to see a clearer path to adoption by cement majors.

Portfolio Deep Dives continued

Operational and E&S highlights*

217,000+ tonnes

Annual production capacity of Terra CO2's first full-scale commercial facility in Cleburne, Texas

70%

CO_2 emissions reduction per tonne of portland cement replaced

90%

NOx emissions reduction per tonne of portland cement replaced

Challenge

The construction industry has long relied on SCMs to partially replace portland cement in concrete, reducing cost while maintaining or improving performance. Fly ash, a by-product of coal combustion, has traditionally been one of the most widely used SCMs due to its availability and favourable binding properties. However, as coal-fired power plants begin to shut down across regions, the supply of fly ash is declining, forcing greater reliance on carbon-intensive portland cement and driving up both emissions and costs.

The industry urgently needs a scalable, affordable, and low-carbon alternative that can be adopted as a drop-in solution within existing infrastructure.

Impact

Terra CO2 has developed OPUS SCM™, an engineered SCM produced from abundant silicate rock feedstocks using its proprietary processing technology. OPUS SCM can replace up to 40-50% of portland cement in concrete, reducing CO_2 emissions by 70% and nitrogen oxides (NOx) emissions by 90% per tonne of cement replaced, without altering concrete mix designs or placement methods.

The company has secured third-party validation confirming performance parity with traditional fly ash. OPUS SCM is designed to be cost-competitive against traditional SCM, independent of subsidies or a green premium. This commercial proposition has attracted a strong strategic investor base including Eagle Materials, Cemex, Prologis, and Siemens Financial Services.

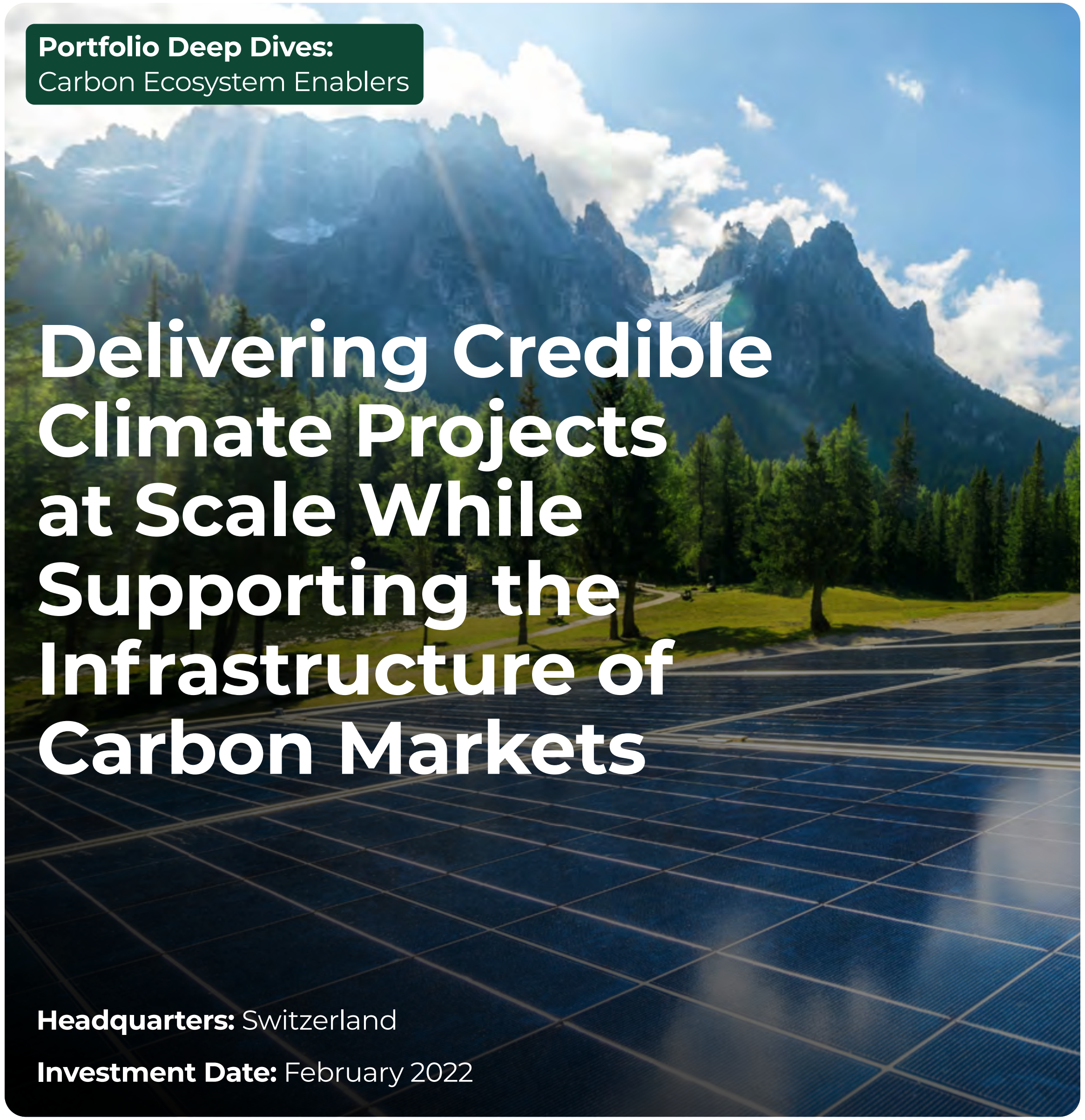
In December 2025, Terra CO2 broke ground on its first full-scale commercial facility in Cleburne, Texas, with over 217,000 tonnes of annual production capacity, marking a significant milestone towards commercial-scale decarbonisation of the built environment.

GenZero's Role

GenZero co-led Terra CO2's Series B funding round, providing growth capital to accelerate the commercial deployment of its OPUS technology, including the expansion of multiple full-scale production facilities planned across North America and initial deployment in Europe.

Beyond funding, GenZero provides strategic advice, supports efforts to strengthen Terra CO2's management team, and facilitates funding and commercial relationships with Asia-based partners.

* Environmental, social, and operational data as reported by the investee company



Portfolio Deep Dives:
Carbon Ecosystem Enablers

Delivering Credible Climate Projects at Scale While Supporting the Infrastructure of Carbon Markets

Headquarters: Switzerland

Investment Date: February 2022

south pole

About the Company

Founded in 2006, South Pole is one of the world's leading climate asset developers and climate consultancies. South Pole serves 1,000 clients globally across public and private sectors, drawing on its carbon market experience and technical expertise to help organisations identify and pursue climate action opportunities.

Industry Landscape

As demand for high-quality carbon credits increases, scaling up high-integrity carbon projects is critical to ensuring a reliable supply pipeline. Ongoing regulatory uncertainty across the evolving Article 6 and CORSIA landscape creates significant constraints for developers, who face uncertainty around host country authorisation and corresponding adjustments. Uncertain VCM demand limits visibility on future pricing and offtake. Finally, developers must address elevated natural disaster and project delivery risks. This has limited the inflow of private capital into the market and hampered project origination.

Against this backdrop, investment in carbon project developers is critical to building a more durable pipeline of high-integrity credit supply. As the market becomes more stringent and focused on compliance-grade execution, we believe that consolidation is likely, with a top tier of project developers emerging as global champions. Such developers will be best positioned to attract capital, to develop a broad-based portfolio of high-integrity carbon projects, and to coalesce demand from top-tier voluntary and compliance buyers.

Challenge

Climate action is increasingly constrained, not by a lack of solutions but by the complexity of scaling investment into them. Carbon markets have evolved rapidly, but fragmented standards, methodologies, registries, and frameworks continue to create friction for governments, investors, and corporations. Without greater alignment, transparency, and interoperability, capital cannot flow efficiently to the high-impact climate solutions needed at scale.

Portfolio Deep Dives continued

Operational and E&S highlights*

1,000+

Clients supported in CY 2025

700+

Climate action projects developed across South Pole's broader platform, spanning nature-based, community, renewable energy, waste-to-energy, and other project types

200+ $MtCO_2e$

Emissions reduction attributed to projects supported by South Pole**

South Pole advised Solar Taxi in Ghana on a project to deploy 48,000 electric motorcycles by 2030 under Article 6

Impact

South Pole operates at the intersection of project origination and market demand, combining technical expertise with a global platform to develop, structure, and commercialise climate solutions. Its role increasingly extends beyond project origination and carbon asset development to supporting the development of market infrastructure and scalable project finance solutions.

We expect the centre of gravity for carbon markets over the near to medium term to shift more towards compliance markets. South Pole is well-positioned to capture this inflection, with its early support for Internationally Transferred Mitigation Outcome (ITMO) activities establishing precedents around host country authorisation, corresponding adjustments, and cross-border accounting. The company also played a central role in, among others, the first ITMO transaction between Ghana and Sweden for the design and implementation of an electric mobility programme. We believe that South Pole is critically positioned in the scaling of reliable and diversified supply, especially into the CORSIA market.

GenZero's Role

GenZero supports South Pole as a strategic capital partner, providing not only funding but also investor perspectives on governance, market integrity, and scalability. The partnership enhances South Pole's ability to deliver bankable and high-quality climate solutions while contributing to the ongoing enhancements to the market.

South Pole faced challenges relating to the Kariba project, resulting in the termination of its involvement in the project in October 2023. Since then, South Pole has worked alongside Verra, a global carbon standard body, in Verra's assessment of the carbon accounting and safeguards of the Kariba project during the crediting period. South Pole has also worked with its board to strengthen internal governance, accountability, and operational execution.

As an active shareholder, GenZero continues to engage closely with the company throughout this period, supporting efforts to strengthen the management team and board. South Pole continues to execute its mission to deliver high-integrity climate projects in a financially sustainable manner.

* Environmental, social, and operational data as reported by the investee company
** The emission reduction has accelerated low-carbon transformations across several sectors and provided measurable benefits to communities vulnerable to climate change

Realised Climate Impact

Sustained Climate Impact Across a Maturing Portfolio

4.4 $MtCO_2e$

Performance
as at 31 December 2025

7.0 $MtCO_2e$

Target
by 31 March 2028

The proportion of investee companies reporting realised climate impact increased from 33% in CY 2024 to 42% in CY 2025, reflecting broader impact measurement maturity across an expanding portfolio. Climate impact is reported on both a stake-adjusted and non-stake-adjusted basis to ensure fair representation of our contribution to the impact realised, with only stake-adjusted figures used for target tracking.

On a cumulative basis, GenZero has delivered 4.4 $MtCO_2e$ of direct realised climate impact (stake-adjusted) as of 31 December 2025. In CY 2025 and adjusted for ownership stake, GenZero delivered 1.4 $MtCO_2e$ of direct climate impact and 6.9 $MtCO_2e$ of indirect climate impact, representing 8.3 $MtCO_2e$ of realised climate impact.

Direct realised climate impact decreased from 1.9 $MtCO_2e$ in CY 2024 to 1.4 $MtCO_2e$ in CY 2025. The decline was primarily driven by broad carbon market headwinds, baseline methodology transitions, and delays in carbon credit issuances. The decline was limited to a small number of investee companies rather than a broad-based reduction in activity across the portfolio. As our portfolio matures and new projects come online, we remain on track to meet our target of 7 $MtCO_2e$ by 31 March 2028.

GenZero's Direct Climate Impact

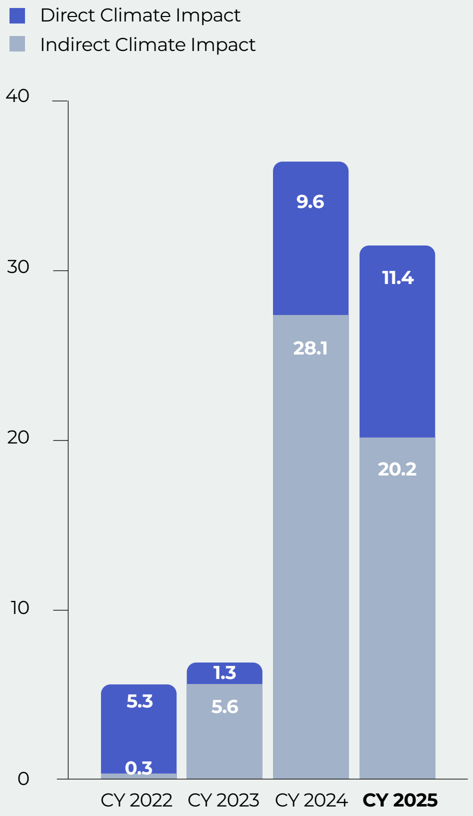
GenZero's Indirect Climate Impact

Realised Climate Impact continued

Non-Stake Adjusted Realised Climate Impact

Portfolio's Climate Impact

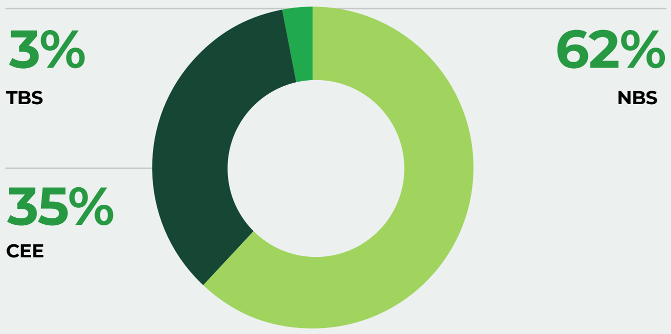
Non-Stake adjusted ($MtCO_2e$)



Realised Climate Impact by Investment Pillars

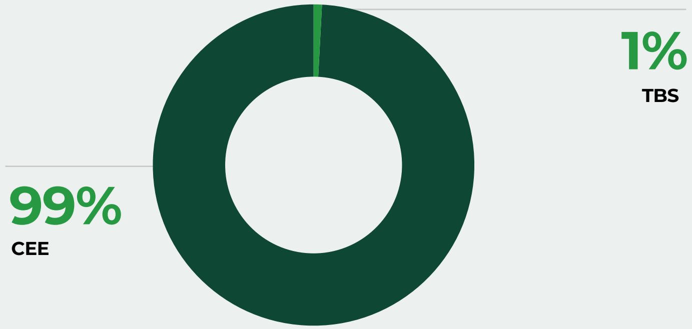
GenZero's Direct Climate Impact

Stake adjusted



GenZero's Indirect Climate Impact

Stake adjusted



Indirect realised climate impact declined in CY 2025, primarily driven by weaker global voluntary carbon market sales.

Based on direct realised impact in CY 2025, by investment pillar, NBS accounted for 62%, followed by CEE (35%) and TBS (3%). For TBS, many investees remain pre-revenue or at early stages of commercialisation, and therefore the climate impact is not yet material. Indirect impact was predominantly generated by the CEE pillar (99%), highlighting the role of carbon-related infrastructure and services in enabling emissions reduction across end-use sectors.

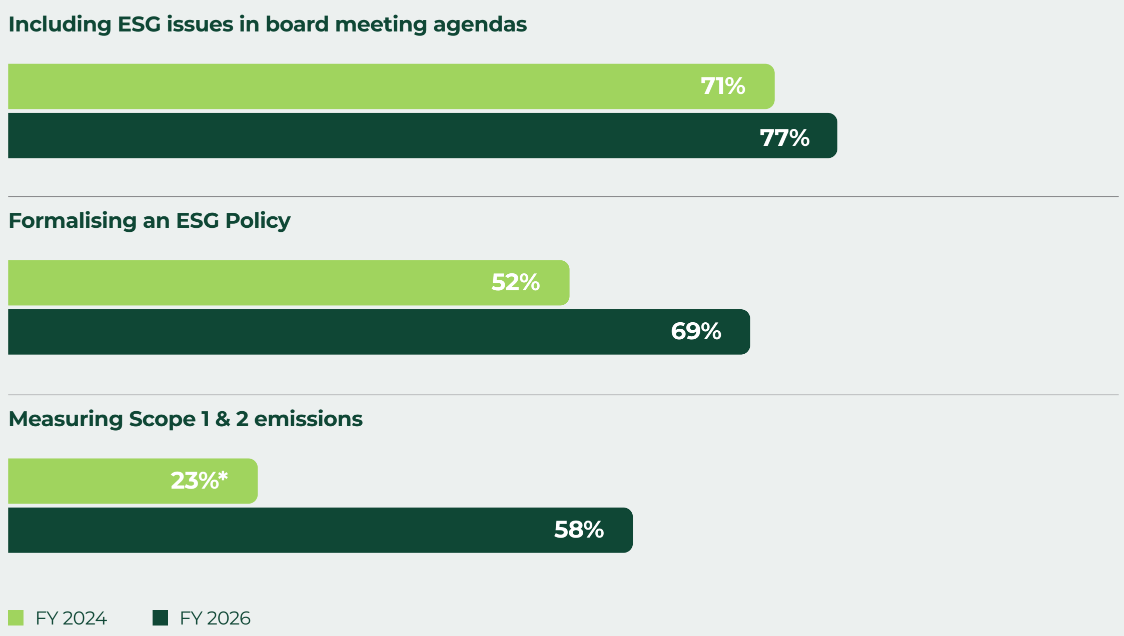
READ MORE IN APPENDIX II CLIMATE IMPACT DATA, P. 52

ESG Performance

Strengthening Portfolio ESG Maturity Through Structured Monitoring

Improving Portfolio ESG Maturity

Data refers to FY 2024 vs FY 2026



GenZero supports stronger ESG outcomes for our investees through structured monitoring and targeted engagement. We focus on strengthening governance, improving climate data, and embedding sustainability considerations into core business operations. Beyond managing risks, we believe strong ESG practices drive long-term value by improving operational efficiency, attracting talent, and creating new commercial opportunities.

Since formalising our ESG Risk Management Framework, we have built an evidence-based system to track maturity trends and prioritise engagement where it is most needed. All investees are assessed against a standardised ESG due-diligence questionnaire (DDQ). Indicators are adapted to sector-specific risks, while a common ESG framework ensures consistent monitoring and comparability across the portfolio. FY 2024 serves as our baseline year for measuring portfolio ESG performance. A comparison of FY 2024 and FY 2026 data across three key dimensions indicates measurable progress.

Formalisation of ESG policies increased from 52% in FY 2024 to 69% in FY 2026. This trend reflects a combination of factors: investee companies' continued maturity; the addition of new investees with established ESG frameworks; and our ongoing collaborative engagement increased from 71% to 77%. This progress signals a gradual integration of ESG into decision-making and board oversight.

* The updated FY 2024 percentage is based on documented evidence of emissions measurement as of 31 March 2024, while the previously reported percentage was based on self-reported survey responses.

ESG Performance continued

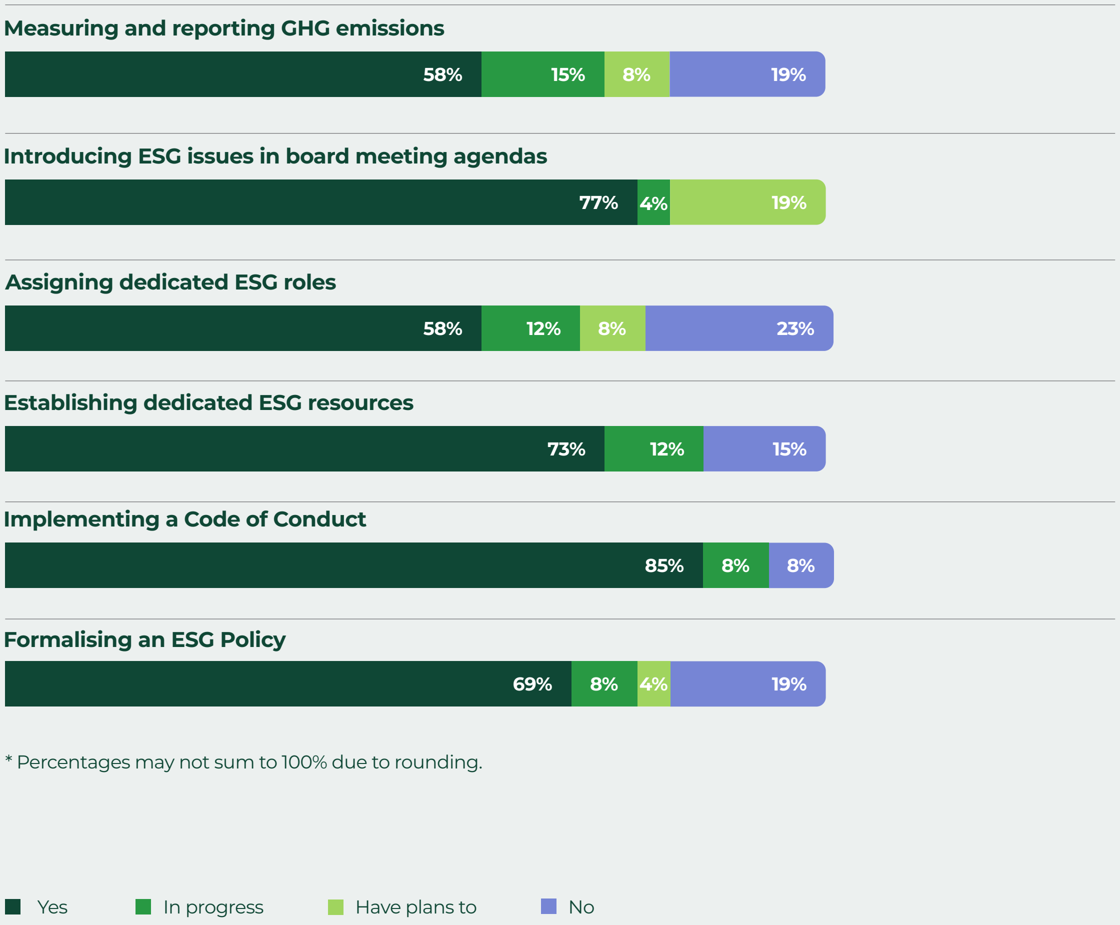
Our FY 2026 data show that, while foundational governance is increasingly robust, there is still work to be done in areas like formal ESG integration and GHG reporting.

- Foundational governance practices are well established: 85% of investees have a Code of Conduct in place, and 73% have dedicated ESG resources.
- 58% of investees have assigned dedicated ESG roles, with a further 12% in progress, indicating increasing institutionalisation of ESG beyond policy-level commitments.
- 58% of investees are measuring and reporting GHG emissions, with an additional 15% in progress and 8% planning to do so. This strong forward pipeline shows the potential for rapid improvement in coverage over the next reporting cycle.
- 19% of investees have yet to integrate ESG into board agendas or formalise ESG policies, identifying a priority area for targeted engagement. This group is our primary focus for targeted engagement to ensure portfolio-wide consistency in ESG maturity.

We are enhancing our ESG practices by using digital platforms to automate data collection while maintaining close engagement with investee companies. As data quality improves, we aim to work with our investee companies to drive measurable outcomes, including operational integration of ESG considerations and implementation of decarbonisation strategies.

Snapshot of Portfolio ESG Maturity*

FY 2026



* Percentages may not sum to 100% due to rounding.

Portfolio Risk Management

Embedding Risk Management Across the Investment Life Cycle

Climate investing requires the ability to take considered risks amid uncertainty, while maintaining discipline, accountability, and long-term perspective."

Maxime Grimaud
Risk Director
GenZero

GenZero approaches portfolio risk management with the understanding that climate investments operate at the intersection of financial, technological, regulatory, and environmental uncertainties.

Our Risk Management Framework is designed to identify, assess, and mitigate risks across our portfolio while maintaining the agility needed to capitalise on emerging opportunities in the transition to a low-carbon economy.

Within this framework, we assess and measure potential risks at the individual investment level. Examples include operational and technology risk, as well as broader external factors such as carbon market volatility or geopolitical shifts. Through robust due diligence, we identify key risk drivers, quantify their potential impact on returns and climate outcomes, and evaluate a range of possible risk scenarios for each investment. Comprehensive risk assessments support the decisions of our Investment Committee (IC).

We further mitigate risk through building a diversified portfolio across our three investment pillars, geographies, industries, project types, and investment modalities.

We monitor portfolio concentration across individual counterparties, geographies, and sectors. For fund investments, we assess vintage diversification to avoid excessive exposure to specific market entry points. These metrics are reviewed regularly and inform portfolio construction, including capital deployment and overall investment strategy.

To enhance portfolio resilience, we conduct annual portfolio-wide risk assessments that address systemic and correlated exposures. These include macro scenario analysis covering key drivers such as carbon market dynamics, policy incentives and exit conditions, and their potential implications for overall portfolio returns and climate performance.

We perform targeted stress testing on cluster risks, such as methodology changes in carbon projects and country-specific exposures. Where significant market or geopolitical developments arise, we conduct ad-hoc stress testing to assess potential implications for the portfolio in a timely manner. For example, during the year we evaluated potential portfolio impacts arising from the crisis in the Middle East.

Portfolio Risk Management continued

ESG Risk Management

Our ESG Risk Assessment Framework is based on a double-materiality approach. We identify both the ESG risks that may affect our investees and the negative impact that our investees may pose to the environment and people. We rely on a variety of international standards and frameworks to guide the identification of material risks for each investment and apply a structured scoring methodology to prioritise key ESG risks.

The ESG DDQ provides a consistent basis for identifying and assessing material ESG risks across investments. ESG risk assessment outcomes are integrated into investment decision-making and post-investment portfolio management plans. Identified risks are translated into targeted mitigation plans and monitoring metrics, which are reviewed through ongoing engagement with investees.

Climate, Carbon, and Nature Risk Management

Climate-related risks are a core component of GenZero's Enterprise Risk Management Framework. While our mission aligns with a rapid and orderly transition to a low-carbon economy, uncertainty around the timing, policy direction, and market evolution of that transition presents external risks to investment performance and impact delivery.

Evolving policies and market conditions can influence the climate outcomes from our investments. To manage transition risks, we actively track carbon regulations, pricing, and policy developments. This ongoing monitoring underpins a disciplined, multi-level approach to manage carbon market volatility and navigate an evolving investment landscape.

For investments with direct exposure to carbon markets, we refine allocations by prioritising jurisdictions with strong carbon market readiness and regulatory clarity. We also favour projects with credible demand pathways, including eligibility for compliance schemes such as CORSIA, as well as VCM use cases supported by robust methodologies. We invest in carbon removals as they generally offer greater fungibility across compliance and voluntary markets. This helps to preserve optionality if projects are unable to secure the host-country authorisations needed for compliance-oriented use.

At the asset-selection level, we focus on high-quality projects that undergo thorough technical due diligence and align with standards such as the ICVCM Core Carbon Principles (CCP) and CORSIA eligibility – demonstrating strong additionality, permanence, and leakage protection. We complement this with the use of ex-ante project-level ratings from independent third parties, where relevant, to provide more project-specific assessment of credit quality.

At the portfolio-monitoring level, we maintain close engagement with investees through ongoing dialogue and site visits. These measures are reinforced by governance reviews and refreshed ESG risk assessments. To manage carbon price volatility, we favour projects that have secured offtake contracts or those with exposure to jurisdictions with stable compliance schemes.

While our investments mitigate and adapt to physical climate risks, many of them, especially across our NBS portfolio, are exposed to these risks themselves. We assess exposure to physical climate risks during due diligence by evaluating vulnerabilities to acute and chronic climate impacts and engaging external experts where appropriate. These assessments inform investment decisions, impact projections, and ongoing portfolio monitoring. For NBS investees, where physical and nature-related climate risks are often site-specific, this process is supported by dedicated ESG and technical expertise to inform project design.

This includes E&S impact assessments, feasibility studies, and targeted analyses such as hydrology reviews, wildfire risk assessments, financial sensitivity analysis, and biodiversity or species monitoring. The assessments result in monitoring and management plans to address the identified risks (e.g. forest management plans, environmental and social management and monitoring plans (ESMMP), MRV systems).

Mitigants and corrective measures are explored and implemented when unanticipated physical risk events occur. Where relevant, investees pursue third-party certifications such as the FSC to demonstrate sustainable practices.

"At GenZero, our Risk Management Framework helps us navigate emerging and evolving risks across our portfolio as we pursue meaningful climate impact alongside sustainable financial returns."

Portfolio Risk Management continued

Protecting Nature and Communities

Due to their close reliance on natural systems and community engagement, our NBS investments face a specific set of ESG risks. At the same time, this interconnectedness creates greater potential for positive E&S outcomes. This section highlights the more detailed E&S impact assessments and data-gathering activities undertaken by GenZero and our NBS investees.

Local E&S Due Diligence

Where on-the-ground local expertise is required to assess or manage specific ESG risks, we engage independent technical advisors to conduct enhanced due diligence. The findings are captured in the investment memorandum for GenZero's IC and used to inform mitigation measures embedded in transaction terms and portfolio management plans.

Free, Prior, and Informed Consent (FPIC)

Violations of human rights and poorly managed community relations may present material ESG risks for our NBS investments, given their interaction with Indigenous Peoples and local communities (IPLCs). We assess FPIC processes against our internal guidelines aligned with international standards, provide guidance to strengthen risk mitigation measures, and may link capital deployment to the achievement of FPIC and other operational milestones where necessary. We require our NBS investees to establish clear land and carbon rights arrangements that are consistent with locally recognised legal and customary frameworks, while upholding the rights of IPLCs.

Examples of Nature-Related Metrics Observed From Our NBS Portfolio

Forest and Plantation Health

- Survival rates
- Tree or plant growth and biomass accumulation
- Losses due to fire, pests, or natural events

Biodiversity

- Ecosystem health (soil, water, etc.)
- Number of tree species
- Presence of endangered or threatened species

Carbon Operations

- Verified carbon sequestration and carbon credits issued
- Change in forest carbon stocks over time
- Sustainable product (e.g. timber) market conditions, periodic baseline reassessment

READ MORE ON OUR INVESTMENT STRATEGY, P.14

Portfolio Risk Management continued

Risk and Climate Impact Management Across the Investment Life Cycle

1. Pre-Investment Due Diligence

Adherence to the ESG Policy:
Ensures alignment with key values and principles, including our approach to investment exclusions.

ESG Risk Assessment:
Implements a comprehensive materiality assessment and ESG risk analysis through our DDQ.

ESG ad-hoc Due Diligence:
Additional environmental and/or social due diligence, often operated by third parties in-situ.

Climate Impact Assessment:
Implements our methodology to assess the planned climate impact of the investment opportunity.

Risk Assessment:
Identifies key risk drivers and mitigants, and challenges assumptions used in financial and climate impact projections for each investment.

2. Investment

ESG Memos:
Highlight top ESG risks and mitigations to monitor for the IC to support a proposal for investment decision.

Climate Impact Memos:
Highlight key climate impact considerations and projections to the IC.

Independent Risk Opinions:
Highlight the main risks and mitigants, and outline recommendations (if any) for the IC's consideration.

Legal Clauses:
A standard set of ESG and climate impact principles, practices, and, where appropriate, obligations that align with our ESG Policy and reporting requirements.

3. Portfolio Management

ESG Risk Assessment Refresh:
Applies to all investments on an annual basis, or semi-annually for higher-risk investees, to track the portfolio's ESG maturity.

ESG Memos Update:
Key updates on ESG risks and mitigations are highlighted at quarterly portfolio management meetings.

ESG Engagements:
Support investees in implementing ESG risk mitigations and initiatives.

Climate Impact Assessment Update:
Planned and realised climate impact calculations are updated annually based on data provided by our portfolio, accompanied by external verification, where available.

Climate Impact and Carbon Accounting Assurance:
GenZero's realised direct and indirect climate impact, and our carbon accounting data, have undergone external limited assurance since CY 2023 and FY 2024 respectively.

Portfolio Risk Monitoring:
Portfolio deployment and concentration per asset type, counterparty, vintage, and geography are tracked and assessed periodically.

- ESG processes
- Climate impact processes
- General risk management

Portfolio Risk Management continued

Identifying Climate-Related Risks in Our Portfolio

Identified Risks			Potential Financial Impacts on Investments	Time Horizon
Physical Risks	1	**Acute** • Extreme weather events • Wildfire • Drought or floods • Pests, diseases, and invasive species	• Reduced revenue from decline in production capacity and plantation survival rate • Increased capital costs due to reconstruction, repairs, and recovery • Increased operating costs due to inflation of energy or feedstock costs, insurance premiums or additional cost for workforce health and safety (H&S) • Write-offs and early asset retirement (e.g. damage in high-risk areas)	**Short To Long-Term**
	2	**Chronic** • Changes in mean temperatures • Changes in precipitation patterns • Increased pollution		
Transition Risks	3	**Policy & Legal** • Slower adoption of carbon regulations, policies, standards, and changes in methodologies • Liability for E&S negative impact	• Lower revenues generated by decarbonisation solutions and lower carbon credit revenues • Higher costs due to stricter sustainability standards • Reduced availability of funding or increase in cost	**Short-Term**
	4	**Market & Reputation** • Shifts in market sentiment and adoption of low-carbon solutions and/or carbon credits • Additionality and leakage risks • Key stakeholders' concerns or negative feedback	• Reduced carbon credits revenue • Lower revenues generated by decarbonisation solutions • Increased costs due to talent retention issues • Reduced availability of funding or increase in cost	**Short To Medium-Term**
	5	**Technology** • Unsuccessful investment in new decarbonisation technologies (e.g. cost inefficiency, lack of scalability, or rise of competition)	• Premature retirement, reduced returns or write-offs	**Medium To Long-Term**

Portfolio Risk Management continued

Identifying Climate-Related Opportunities in Our Portfolio

Identified Opportunities		Potential Financial Impacts on Investments	Time Horizon
Climate Impact	• Scaling emissions reduction and removal	• Increased revenues from carbon credit sales • Increased revenues from surging demand for decarbonisation solutions	**Medium-Term**
Sustainable Financial Returns	• Generating returns from carbon credit sales and sustainable products • Attracting like-minded impact investors and buyers seeking high-quality carbon credits with tangible E&S impact • Scaling green jobs	• Diversified revenue and funding opportunities • Support of corporate and broader economic sustainability	**Short-Term**
Environmental and Social Impact	Supporting natural ecosystem protection, restoration, and regeneration: • Using natural resources sustainably • Strengthening the protection of biodiversity • Improving air and water quality • Delivering social infrastructure and services to local communities through benefit-sharing agreements • Developing and delivering products and services that protect, manage, and restore nature • Scaling of alternative low-carbon solutions across high-emitting industries	• Reduced costs from mitigated E&S risks • Reduced costs through improved resource efficiency • Increased revenues through low-carbon technology adoption • Increased carbon credit revenues from improved project integrity	**Long-Term**

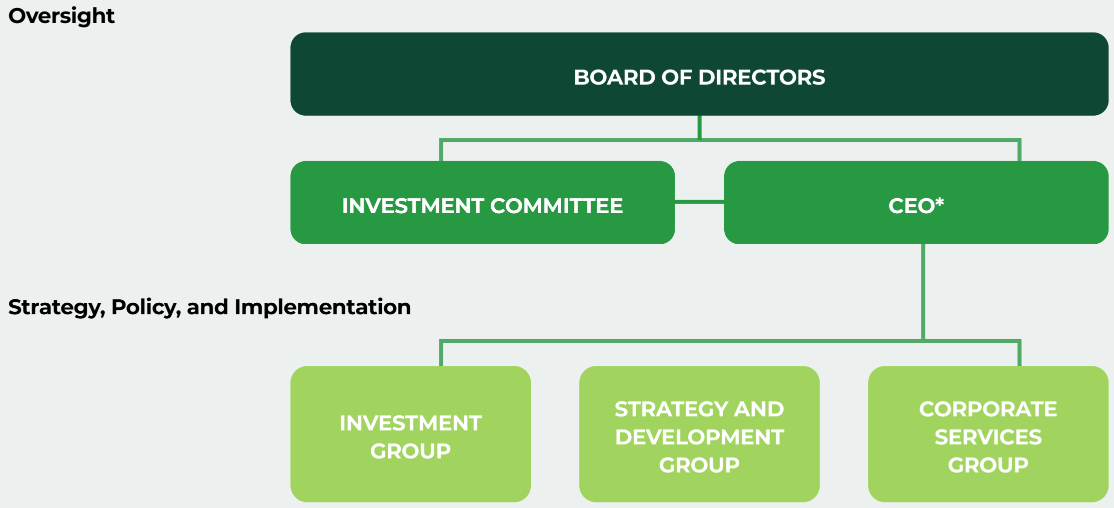
Governance and Enterprise Risk Management

In this section

Governance and Corporate Policies

Strong Governance is the Foundation for Long-Term Value Creation

Corporate Governance Framework



* The CEO is also a member of the Investment Committee.

READ MORE ON ENTERPRISE RISK MANAGEMENT, P.42

Robust governance underpins sustainable growth and long-term value creation. Guided by a strong commitment to ethics, transparency, and accountability, our governance structures and processes provide effective oversight of business decisions.

Board of Directors (Board)

Our Board provides independent oversight and is responsible for setting GenZero’s strategic direction. It also instils an ethical corporate culture and ensures values, standards, policies, and practices are consistently applied with transparency and accountability throughout our business activities.

Our Board offers extensive experience and complementary skills from various sectors across finance, governance, impact investing, sustainability, and carbon markets. This diversity brings rigour to discussions and strengthens decision-making. In FY 2026, our Board welcomed a new member, Ms Eng Chin Chin.

Senior management meets the Board quarterly to review progress and ensure alignment on delivering positive climate impact alongside long-term sustainable financial returns. During these meetings, the Board discusses and approves matters relating to our portfolio investments, strategy, and corporate governance. The Board also provides oversight of climate- and ESG-related risks and opportunities, which are reviewed regularly as part of these discussions.

To measure our annual performance as an organisation, we rely on a balanced scorecard that reflects our effectiveness across four dimensions: financial and commercial; ecosystem building; operational; and people.

These dimensions reflect our investment mandate while reinforcing governance, sustaining operational discipline, and enabling a high-performing organisation. The Board approves the key performance indicators (KPIs) for the balanced scorecard annually and evaluates GenZero’s performance against these KPIs.

GenZero's compensation framework links performance outcomes to both short- and long-term incentives. Balanced scorecard results determine our annual performance bonus pool. The Long-Term Incentive Plan (LTIP) aligns the interests of employees with the firm's long-term climate and financial impact, ensuring quality investment decision-making over the lifetime of our investments.

Governance and Corporate Policies continued

Board of Directors

Chairman

SUNNY VERGHESE
Co-Founder & CEO,
Olam Agri

Board Members

STEVE HOWARD
Vice Chairman,
Sustainability,
Temasek

ALAN THOMPSON
Operating Partner,
Temasek,
CEO,
Xora Innovation

RUTH NUSSBAUM
Executive Director,
Global and Europe,
Proforest

GOH SWEE CHEN
Chairwoman,
Nanyang Technological University Board of Trustees and National Arts Council

PETER BAKKER
President and CEO,
World Business Council for Sustainable Development

ENG CHIN CHIN
Independent and Non-Executive Director for Mediacorp, Olam Agri, Keppel Infrastructure Trust, CDL Hospitality Trust, and NTT DC REIT

Investment Committee

Committee Chair

STEVE HOWARD
Vice Chairman,
Sustainability,
Temasek

Committee Members

CHARLES EWALD
Investment Advisor,
GenZero

RUSSELL THAM
Head, Emerging Technologies,
Temasek

FREDERICK TEO
CEO,
GenZero

KIMBERLY TAN
Managing Director,
Head of Investments,
GenZero

→ **FOR BIOS OF THE FULL TEAM, PLEASE VISIT**
WWW.GENZERO.CO/TEAM

Governance and Corporate Policies continued

Investment Committee (IC)

The IC comprises mainly external members and operates under delegated authority from the Board to approve investment and divestment decisions.

Reporting directly to the Board, the IC evaluates investment opportunities against GenZero's strategic objectives, weighing:

- Risk
- Return
- Long-term sustainability

Beyond transaction approvals, it advises senior management on portfolio-level strategy and provides oversight on ESG considerations for transactions. Drawing on its collective expertise in sustainability and investments, the IC plays a critical role in advancing GenZero's dual mandate of delivering financial returns and climate impact.

Audit and Risk Committee (ARC)

As GenZero matures as an organisation, we are establishing a dedicated Board-level ARC to strengthen our governance infrastructure in line with our growing portfolio and institutional activities.

The ARC will provide independent oversight of GenZero's:

- Financial reporting
- Portfolio valuation
- Internal controls
- Compliance
- Risk management frameworks

The ARC will also review the integrity of our financial statements and oversee the internal audit process.

We expect the ARC to be operationalised in FY 2026/27, with membership drawn predominantly from independent Board members with relevant expertise. Given her past audit experience and expertise in risk management, Ms Eng Chin Chin has been appointed Chair-designate of the ARC.

Top to bottom:
Imperative Spekboom project site visit – Knowledge sharing on native species restoration
TGRA investor site visit – Field demonstration of data collection and MRV practices

Governance and Corporate Policies continued

Key Corporate Policy Updates

ESG Policy

Our ESG Policy has been updated and enhanced to reflect lessons learned over the past two years, reinforce institutional ESG risk management, and provide greater clarity and consistency in portfolio-level application.

At the institutional level, GenZero formalises its approach to decarbonisation by establishing standards, tools, and processes for emissions measurement and management across both the company and portfolio. The ESG Policy introduces standard operating procedures to conduct ESG screening of carbon credit buyers, business partners, and co-investors, addressing reputational risks more systematically.

At the portfolio level, the ESG Policy guides GenZero's investments to achieve sound ESG performance, including compliance with applicable national laws and the Exclusion List. The Exclusion List consolidates restricted industries and practices based on GenZero's internal principles and relevant industry best practices.

Clearer Expectations

To support practical implementation, the ESG Policy defines restricted activities and industries and sets out the relevant screening approach, scope, and tolerance level based on the nature of the activity and type of investment. The ESG Policy further clarifies post-investment mitigation measures and outlines actions GenZero may take where an investment has been identified to have exposure to the Exclusion List.

Compliance and Governance Framework

GenZero's Compliance and Governance Framework ensures that our policies and practices remain current, robust, and aligned with legal and regulatory requirements and expectations. All policies and guidelines are subject to annual review to ensure they remain fit for purpose as the organisation evolves.

In line with our growing activities, our Know Your Customer (KYC) Guidelines have been updated to reflect the nature and scope of GenZero's current engagements and counterparty relationships.

Management provides an annual compliance report to the Board, covering:

- Critical compliance issues and internal audit findings (if any)
- Key regulatory and policy updates
- Lessons from crisis simulation exercises conducted during the year

Timely and Effective Oversight

This annual reporting cadence supports effective Board oversight and ensures emerging risks and obligations receive timely Board attention.

In FY 2026, no critical compliance or governance issues have been identified through the independent audit.

AI Governance and Implementation

The rapid adoption of generative artificial intelligence (genAI) across industries presents significant opportunities to optimise workflows, enhance operational efficiency, and unlock actionable business intelligence that can improve the quality and speed of our decisions.

GenZero has identified priority cases for genAI across our operations and recognises that its responsible adoption requires governance structures that keep pace with the technology's evolving capabilities and risks. Accordingly, GenZero has developed and implemented an AI Governance Framework (AIGF), approved by the Board in 2025 and subject to ongoing oversight. The AIGF guides the deployment, management, use, and monitoring of AI tools across the organisation, with all tools assessed prior to rollout against defined criteria, spanning IT infrastructure and cybersecurity, legal and compliance requirements, and performance standards. A dedicated cross-functional team has been established to spearhead and coordinate the implementation of genAI tools.

A Proactive Approach

Recognising that genAI introduces risks in data privacy, model bias, output reliability, and cybersecurity, GenZero has taken a proactive approach to ensure these tools are deployed safely, responsibly, and effectively. In addition to the AIGF, we have put in place an Information and Cybersecurity Policy (ICP) and a Cybersecurity Breach Plan to prepare for our AI pilot and broader AI tool rollout. As we scale our use of AI, disciplined tool selection and ongoing workforce training will remain central to ensuring adoption remains responsible and delivers intended outcomes.

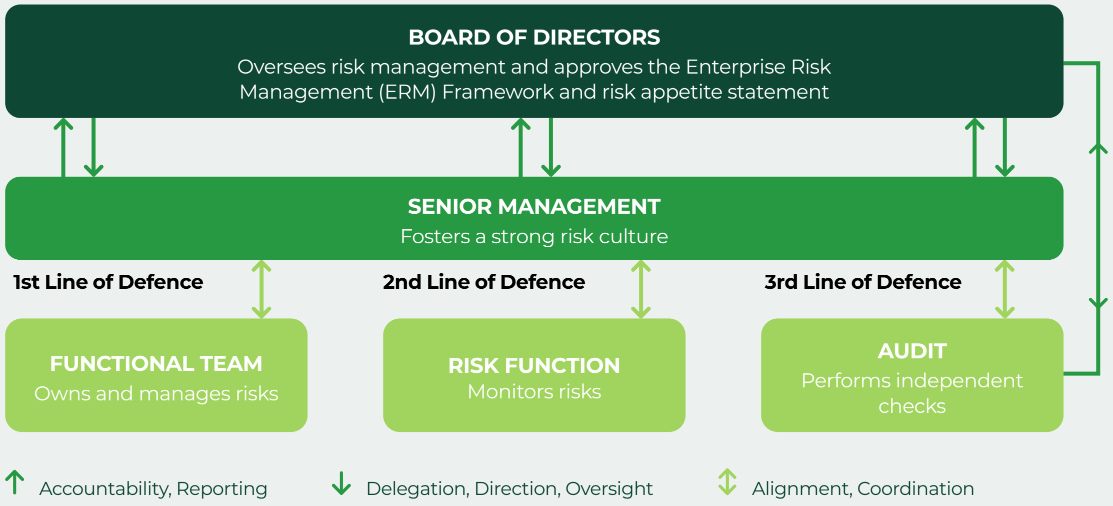
Enterprise Risk Management

Managing Enterprise Risks Through Clear Accountability and Effective Oversight

Our Six Risk Pillars

1. INVESTMENT
2. EXTERNAL
3. OPERATIONAL
4. CARBON CREDIT SALES
5. LEGAL & COMPLIANCE
6. REPUTATIONAL

Three Lines of Defence Model



Our Enterprise Risk Management Framework, developed in 2024 to safeguard our double bottom line, is built on six risk pillars: investment, external, operational, carbon credit sales, legal and compliance, and reputational.

GenZero's risk governance adheres to the widely recognised three lines of defence model, which provides clear accountability and effective oversight across the organisation. The Board provides top-level oversight, while senior management promotes a strong risk culture. Day-to-day risk ownership resides with the business teams, which identify and manage risks (First Line). Monitoring and guidance are provided by the risk function (Second Line), and independent assurance is obtained through external and internal audits (Third Line).

Complementing this governance, our internal audit plan operates on a rolling three-year cycle. The plan ensures periodic coverage of all key processes and policies, while prioritising more frequent audits in areas of higher inherent risk or lower risk tolerance. This approach strengthens independent assurance and supports continuous improvement of internal controls.

As an example, we conduct an annual internal audit on compliance, while other areas follow a regular cycle.

GenZero has established a Cybersecurity and IT Governance Framework underpinned by recognised standards and controls. This includes continuous monitoring, threat detection capabilities, and regular assessments to identify and address vulnerabilities, enabling us to safeguard our digital infrastructure, maintain operational continuity, and respond effectively to emerging cyber risks. We conduct regular cybersecurity assessments and maintain ongoing monitoring of our IT control environment. Our attainment of the Cyber Security Agency of Singapore (CSA) Cyber Essentials Mark demonstrates adherence to recognised baseline cybersecurity standards.

In addition, we maintain a comprehensive Crisis Management Plan (CMP), supported by scenario-specific response plans, including a Cybersecurity Breach Plan. The CMP is tested annually through simulation exercises to strengthen organisational resilience and preparedness for potential disruptions.

Institutional Performance

In this section

Carbon Footprint

Measuring and Managing Our GHG Emissions

Our Emissions

We measure our GHG emissions with reference to the Greenhouse Gas Protocol (GHGP) for our operational emissions, and the Partnership for Carbon Accounting Financials (PCAF) for our portfolio emissions.

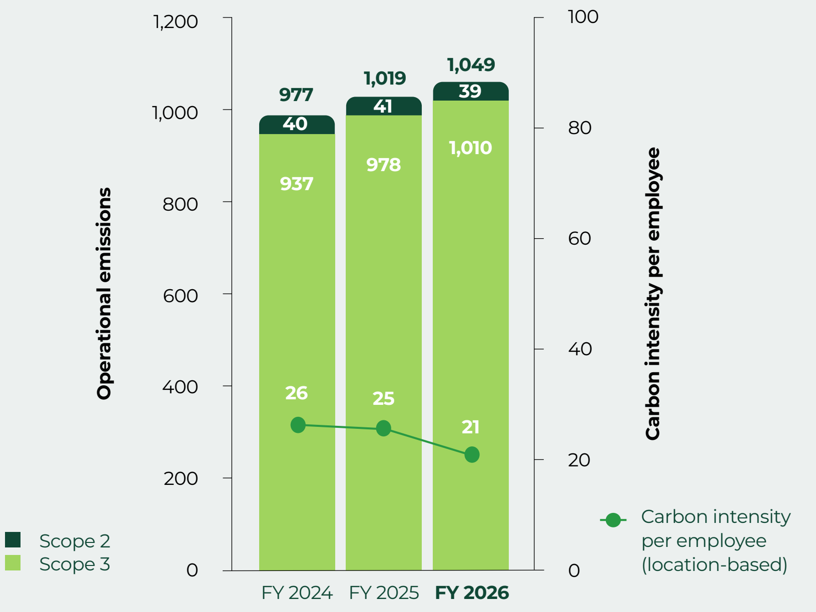
To manage our operational emissions, we focus our efforts on the sources of emissions where we have the most control. For portfolio emissions, we aim to strengthen measurement, transparency, and engagement. We prioritise enabling investees to measure their material emissions as a first step. This is supported by embedding ESG and disclosure requirements within investment agreements, where appropriate, to improve reporting, alongside providing resources and tools to build carbon accounting capabilities.

To address our FY 2026 operational emissions, we purchased RECs for our Scope 2 emissions, SAFc equivalent to 5% of our air travel emissions, and carbon credits for our remaining operational emissions. We retired 100 MWh of Singapore solar RECs, 16 tCO2e of SAFc, and 996 tCO_2e of carbon credits.

Operational Emissions

YoY Operational Emissions and Carbon Intensity (tCO_2e)

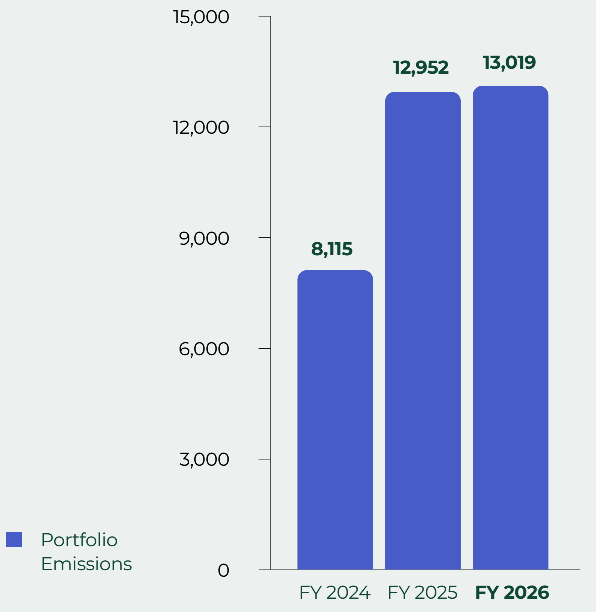
Our operational emissions increased modestly by 3% over the last year, despite increased headcount and an office expansion. The main driver for the increase was emissions associated with Scope 3 Category 2 Capital Goods, stemming from the expansion of office space to accommodate our growing team.



Portfolio Emissions

YoY Portfolio Emissions (tCO_2e)

In FY 2026, our portfolio emissions totalled 13,019 tCO_2e, representing 93% of our total footprint and an approximately 1% increase from the previous year, primarily driven by new direct investments and additional underlying investments made by our funds. During the year, 58% of our investees measured and reported their emissions compared to 38% last year, reflecting continued progress in emissions measurement and disclosure across our portfolio.



Decarbonisation Strategy

Addressing Our Operational Emissions

Our purchase of carbon credits is guided by the following principles:

1. **Align with meta-standards**
Source credits that are aligned with internationally recognised standards, such as credits that are eligible for the ICVCM's CCP label or that use CORSIA-eligible methodologies.

2. **Assess quality at project level**
Carry out internal diligence and reference independent carbon ratings to assess project quality. We look for projects with a rating of BBB as a guiding threshold for external diligence.

3. **Include both reductions and removals**
Include a mix of reduction and removal credits, recognising that both are critical to global climate goals.

4. **Support both nature and technology**
Include a mix of both NBS and TBS across different geographies.

Supporting Aviation Resilience and Energy Security Through SAFc

Some travel will always remain essential as a global investor. While emissions reduction remains a key objective, our approach to SAFc is also informed by broader considerations of energy resilience and security.

Aviation today remains highly dependent on conventional jet fuel, which is exposed to geopolitical supply risks and price volatility. SAF provides an opportunity to diversify fuel sources and support the development of more resilient and localised supply chains.

We chose to address 5% of our air travel emissions to mimic the leading "best-in-class" blending mandates in advanced aviation hubs. Beyond addressing our own aviation-related emissions, our SAFc procurement is aimed at contributing to:

- Demand signalling to accelerate SAF production capacity
- Market development to improve transparency and liquidity
- Supply diversification to reduce reliance on conventional jet fuel

We view SAF not only as a decarbonisation tool but also as a strategic lever to enhance the resilience and sustainability of the aviation sector.

Decarbonisation Strategy continued

Carbon Credits Used to Address FY 2026 Operational Emissions

Brújula Verde

Orinoco River Basin, Colombia

Credit type:	Removal
Project ID:	GS 23254
Methodology:	GS A/R v2.1
Rating:	BeZero AA.pre
Vintage:	23

Gas Leakage Reduction within the Jalalabad Gas Distribution Network in Bangladesh

Jalalabad, Bangladesh

Credit type:	Reduction
Project ID:	VCS 2737
Methodology:	AM0023
Rating:	BeZero A Calyx Tier 1
Label:	CCP
Vintage:	22

This year, we retired 498 tCO_2e of nature-based carbon removal credits from Brújula Verde, a project from our portfolio located in Colombia's Orinoco River Basin. The project focuses on recovering degraded land through mixed-species afforestation, soil restoration, advanced digital MRV, and purpose-built forestry infrastructure to deliver high-integrity carbon removals.

In line with our principles to include a mix of credit types, we retired 498 tCO_2e of technology-based reduction credits from a project focused on reducing gas leakages within the Jalalabad Gas Distribution Network in Bangladesh. The project deploys specialised leak detection equipment and advanced repair materials to identify and seal leaks across the Jalalabad Gas Distribution Network.

In addition to the reduction of GHG emissions, the project has increased the community's energy reliability and created local employment through training community members in leak detection and repair. The project's credits have obtained the ICVCM's CCP label, reflecting strong additionality and rigorous verification standards.

Beyond addressing our emissions, we view our credit procurement as an opportunity to support high-quality projects that deliver tangible climate and community benefits.

READ MORE ON BRÚJULA VERDE, P. 21

Social Responsibility

Building an Inclusive Workplace and Contributing to Local Communities

Our Values

GenZero's values guide our decision-making and shape a workplace culture that encourages growth, teamwork, and well-being.

TRUST
We build trust by demonstrating credibility, reliability, and ownership in our words and actions.

INSPIRE
We aim to inspire collective action and catalyse change through our investments, thought leadership, and contribution to the decarbonisation ecosystem.

CARE
We care deeply and demonstrate it with real action for our planet, our stakeholders, and for one another.

COLLABORATE
We collaborate by communicating effectively, actively seeking feedback, and challenging one another to achieve high-quality outcomes.

LEARN
We keep learning in this evolving landscape so that we can identify and invest in the right climate solutions.

Our Employees' Well-Being

Our Employee Well-being Programme provides holistic physical and mental health support, including wellness resources, annual preventive health screenings, and confidential access to mental health support. By investing in employee well-being, we enable our people to perform at their best and contribute meaningfully to the organisation and the broader community.

We support employee mental well-being through accessible resources and onsite wellness talks. All employees have full access to the Intellect app, including company-sponsored coaching sessions with a personal coach. In line with our core values of "Learn" and "Care", we encourage employees to tap on these resources to better understand and support their mental well-being.

Our interest groups reflect a ground-up culture of connection and well-being. Staff can propose and establish groups around shared passions, with events subsidised by the company. Currently, four groups are active – the Pet Club, Racket Sports Club, Soccer Club, and Karaoke Club – bringing colleagues together outside of work and fostering relationships beyond their professional interactions.

This year, we partnered with Gallup to measure the engagement of our employees. The survey results indicated that our employees remain positively engaged across the organisation. In particular, the overall engagement ratio was above both the Singapore benchmark and the global finance and insurance sector benchmark. This builds on the previous year's survey results, when GenZero was certified as a Great Place to Work.

Diversity at GenZero is Multidimensional

International Community

The nine nationalities across our team reflect our international and multicultural community. Cultural awareness is supported through employee-led initiatives. Volunteer "ambassadors" lead initiatives that celebrate our diversity and foster cross-cultural understanding.

In one such initiative, all employees came together on Racial Harmony Day dressed in traditional and cultural attires representative of the diverse backgrounds within our team. The occasion was further marked by a spread of noodle dishes representative of Singapore's main racial groups, reflecting cross-cultural appreciation.

Social Responsibility continued

Women Representation

Women comprise approximately 60% of our total workforce and are well represented at all levels of the organisation. In FY 2026, 69% of management positions and 43% of Board seats were held by women.

Supporting Employees Beyond the Workplace

The company's family-friendly policies extend beyond statutory requirements, supporting employees in balancing professional and personal responsibilities. Hybrid working arrangements have also been maintained, providing flexibility to manage family commitments alongside professional responsibilities. In addition, employees and their dependants are covered under our wellness and family flexible benefits scheme. Through this, we aim to provide employees with greater flexibility to support their personal well-being and family needs. These measures support workforce equity and retention.

Intellectual Diversity and Professional Development

We also embrace diversity in educational and professional backgrounds, recognising its importance in tackling the complex, interconnected challenges of climate change. Our multi-disciplinary team has expertise across business and finance, accountancy, science, humanities and social sciences, engineering, risk management, and law. This brings multiple lenses to enable robust and well-informed delivery across our functions.

In an industry experiencing rapid evolution and complexity, we are committed to nurturing a workforce that is agile, future-ready, and equipped to lead the climate transition. We actively invest in the continuous development of our people, enabling them to expand their skill sets and deepen their expertise in response to emerging challenges and opportunities. In FY 2026, we held an internal engagement session to introduce our staff to coaching and its role in supporting personal and professional development. The session enabled our employees to better understand the benefits of coaching, including greater self-awareness, clearer goal setting, and more effective workplace communication.

This commitment is also reflected in our Sponsorship Programme, which supports employees in their pursuit of further education and professional training and qualifications. Alongside this, our Learning and Development Policy continues to provide a broader foundation for employee development. Reflecting the company's deepening commitment to its people, the Learning and Development Policy has recently been extended to include contract staff – a progression that affirms the company's view that access to development opportunities should be available to all who contribute to the organisation. By empowering our people to grow in tandem with the climate investment ecosystem, we are laying the groundwork for our broader ambitions – to be a leading global investor, a respected thought leader, and a trusted partner in decarbonisation.

Giving Back to the Community

The company's community engagement efforts this year centred on two collaborations with local non-profit organisations, each offering the team a meaningful opportunity to contribute to causes aligned with inclusivity and social well-being.

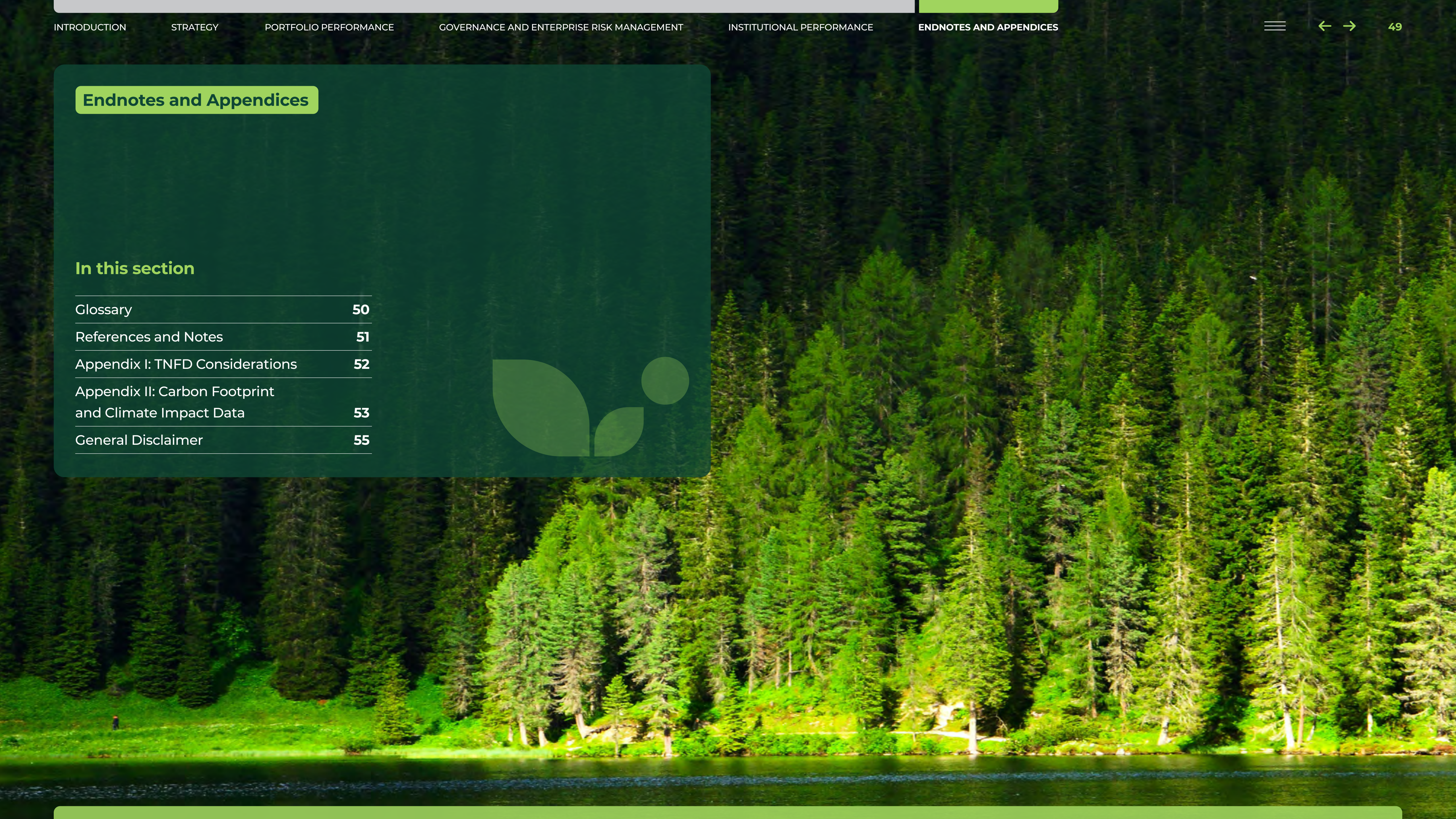
The company partnered with the Singapore Disability Sports Council (SDSC) to support PlayInclusive, with team members volunteering as referees for a Boccia tournament – an official Paralympic sport – held as part of the event. PlayInclusive is Singapore's largest unified sports competition, bringing together participants with and without disabilities in a shared sporting environment that promotes inclusivity and mutual understanding.

Separately, the company collaborated with Epworth Community Services to bring a group of children on a trip to the Singapore Zoo. The outing was centred on wildlife conservation and learning, offering the children an enjoyable and enriching outdoor experience. These activities supported local community engagement aligned with inclusivity and educational objectives.

In addition, these activities provided our team members with opportunities to connect with and support diverse communities in Singapore.

We are grateful to our partners and are committed to building on these initiatives to continue our engagement with local communities.

Top to bottom:
GenZero employees volunteered as Boccia referees to support SDSC's PlayInclusive.
GenZero partnered with Epworth Community Services to bring children for a wildlife conservation learning experience.



Endnotes and Appendices

In this section

Glossary

ACCF	ASEAN Common Carbon Framework
AI	artificial intelligence
AIGF	AI Governance Framework
ARC	Audit and Risk Committee
ARR	Afforestation, Reforestation and Revegetation
ASEAN	Association of Southeast Asian Nations
CBAM	Carbon Border Adjustment Mechanism
CCP	Core Carbon Principles
CCUS	carbon capture, utilisation, and storage
CDM	Clean Development Mechanism
CEE	Carbon Ecosystem Enablers
CEO	Chief Executive Officer
CMP	Crisis Management Plan
COP30	30th Conference of the Parties
CORSIA	Carbon Offsetting and Reduction Scheme for International Aviation
CSA	Cyber Security Agency of Singapore
CSRD	Corporate Sustainability Reporting Directive
CY	calendar year
DDQ	due-diligence questionnaire
E&S	environmental and social
ERM	Enterprise Risk Management
ESG	environmental, social, and governance
ESMMP	Environmental and Social Management and Monitoring Plan
ETS	emissions trading system
EU	European Union
EVs	electric vehicles
FPIC	free, prior, and informed consent
FSC	Forest Stewardship Council
FY	financial year
GDP	gross domestic product
genAI	generative artificial intelligence
GFF	Green Fuel Forward
GHG	greenhouse gas
GHGP	Greenhouse Gas Protocol
GIIN	Global Impact Investing Network
$GtCO_2$	gigatonnes of carbon dioxide
GX-ETS	Green Transformation Emissions Trading Scheme
H&S	Health & Safety
IATA	International Air Transport Association
IC	Investment Committee
ICAO	International Civil Aviation Organization
ICP	Information and Cybersecurity Policy
ICVCM	Integrity Council for the Voluntary Carbon Market
IEA	International Energy Agency
IFC	International Finance Corporation
IFM	Improved Forest Management
IFRS	International Financial Reporting Standards
IPLCs	Indigenous Peoples and local communities
IRA	Inflation Reduction Act
IRR	Internal Rate of Return
ISSB	International Sustainability Standards Board
ITMO	Internationally Transferred Mitigation Outcome
KPIs	key performance indicators
KYC	Know Your Customer
LCA	life-cycle assessment
LiDAR	light detection and ranging
LTIP	Long-Term Incentive Plan
MRV	monitoring, reporting, and verification
$MtCO_2e$	million tonnes of carbon dioxide equivalent
MWh	megawatt-hour
NBS	Nature-based Solutions
NDCs	Nationally Determined Contributions
NOx	nitrogen oxides
OBBBA	One Big Beautiful Bill Act
OPC	Ordinary Portland Cement
OPIM	Operating Principles for Impact Management
PCAF	Partnership for Carbon Accounting Financials
pp	percentage point
RECs	renewable energy certificates
REDD+	Reducing Emissions from Deforestation and Forest Degradation
SAF	sustainable aviation fuel
SAFc	sustainable aviation fuel certificates
SCMs	supplementary cementitious materials
SDGs	Sustainable Development Goals
SDSC	Singapore Disability Sports Council
SSFA	Singapore Sustainable Finance Association
TBS	Technology-based Solutions
TGRA	The Good Rice Alliance
TNFD	Taskforce on Nature-related Financial Disclosures
UK	United Kingdom
UN	United Nations
UNEP	UN Environment Programme
UNFCCC	United Nations Framework Convention on Climate Change
US	United States
VCM	voluntary carbon markets
VCMI	Voluntary Carbon Markets Integrity Initiative
WMO	World Meteorological Organization

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Appendix I

TNFD Considerations

Given our portfolio exposure to natural assets, we have started integrating TNFD considerations in our ESG risk management process. We currently do so by encouraging our NBS investments, as their capabilities evolve, to conduct and report performance on relevant assessments and metrics.

The information below presents an illustrative example of our approach.

Risk Assessment and Management

Examples of processes individually conducted by GenZero's portfolio

Assessments

Environmental and Social Impact Assessment
to identify gaps and risk management activities

Free, Prior, and Informed Consent (FPIC)
review of policies and processes, where applicable

Assessment of extreme weather events' impact
on natural forests' and plantations' survival rates, health, and operations

Financial sensitivities analysis of nature-related variables
(e.g. growth rate, biomass, and carbon yield)

Monitoring and Management

Develop and implement a Forest Management Plan
and Environmental and Social Management and Monitoring Plan

Establish clear land tenure agreements and renewal
options while ensuring respect for the rights of Indigenous Peoples and local communities (IPLCs)

Establish robust monitoring, reporting, and verification (MRV) systems
to track carbon sequestration, biodiversity impacts, and social co-benefits

Pursue relevant certifications
(e.g. Forest Stewardship Council (FSC)) to demonstrate sustainable practices and enhance marketability of products

Metrics Observed

Examples of nature-related metrics reported by GenZero's portfolio

Forest and Plantation Health

- Survival rates
- Tree or plant growth and biomass accumulation
- Losses due to fire, pests, or natural events

Biodiversity

- Ecosystem health (soil, water, etc.)
- Number of tree species
- Presence of endangered or threatened species

Carbon Operations

- Verified carbon sequestration and carbon credits issued
- Change in forest carbon stocks over time
- Sustainable product (e.g. timber) market conditions, periodic baseline reassessment

Financial Performance

- Revenues from carbon and agri-commodities
- Operating costs
- Portfolio-level internal rate of return (IRR)
- Financial resilience to climate change impact

Appendix II: Carbon Footprint and Climate Impact Data

Operational Emissions

All decimal values were rounded to the nearest integer

Metric	Unit	FY 2024[1]	FY 2025	FY 2026[2]
Scope 2 (location-based)[3]	**tCO_2e**	**40**	**41**	**39**
Scope 2 (market-based)	tCO_2e	40	41	0
Scope 3	**tCO_2e**	**937**	**978**	**1,010**
Purchased goods and services	tCO_2e	486	585	602
Capital goods	tCO_2e	3	9	45
Business travel	tCO_2e	437	371	349
Air travel	tCO_2e	*414*	*349*	*312*
Other sources – hotel and transport	tCO_2e	*23*	*22*	*37*
Employee commute	tCO_2e	11	13	14
Total GHG emissions (location-based)	**tCO_2e**	**977**	**1,019**	**1,049**
Purchased and retired Renewable Energy Certificates (RECs), Sustainable Aviation Fuel certificates (SAFc), and carbon credits				
Renewable Energy Certificates (RECs) (Scope 2)	tCO2e	0	41	39
Sustainable Aviation Fuel certificates (SAFc) (Scope 3 emissions from air travel)[4]	tCO_2e	21	18	16
Total GHG emissions, net of RECs and SAFc[5]	**tCO_2e**	**956**	**960**	**994**
Carbon credits	tCO_2e	1,174	960	996
Total purchased and retired RECs, SAFc, and carbon credits	**tCO_2e**	**1,195**	**1,019**	**1,051**
Emissions intensity				
Total emissions intensity (location-based)	**tCO_2e/employee**	**26**	**25**	**21**

Appendix II: Carbon Footprint and Climate Impact Data continued

Portfolio Emissions[1]

All decimal values were rounded to the nearest integer

Metric	Unit	FY 2024	FY 2025	FY 2026
Total portfolio emissions[6]	tCO_2e	8,115	12,952	**13,019**
Portfolio weighted average carbon intensity	tCO_2e/US$M revenue	181	242	**335**

Climate Impact[7]

All decimal values were rounded to the nearest integer

Metric	Unit	CY 2022	CY 2023	CY 2024	CY 2025
Stake-adjusted					
Direct Realised Climate Impact	tCO_2e	926,664	217,898	1,861,837	**1,411,583**
Cumulative Direct Realised Climate Impact	tCO_2e	*926,664*	*1,144,562*	*3,006,399*	***4,417,982***
Indirect Realised Climate Impact	tCO_2e	130,590	1,644,224	8,109,358	**6,916,724**
Non stake-adjusted					
Direct Realised Climate Impact	tCO_2e	5,258,817	1,254,565	9,582,181	**11,362,824**
Indirect Realised Climate Impact	tCO_2e	345,477	5,579,972	28,099,730	**20,196,592**

Footnotes

1. The FY 2024 figures were restated to reflect changes in emission factors used (USEEIO v2.3 as compared to USEEIO v2.0.1-411). The restatements have resulted in the FY 2024 GHG emissions being 16% higher compared to the emissions previously assured. Although external assurance is sought annually, assurance was completed on the original figures and the updated data was not externally assured.
2. PricewaterhouseCoopers LLP has undertaken a limited assurance engagement on GenZero's selected greenhouse gas information for the year ended 31 March 2026. The assurance report, reporting criteria, and details on the assured metrics can be found here.
3. Scope 2 emissions comprise indirect emissions from purchased electricity and cooling (chilled water).
4. We purchased and retired SAFc to address an amount equivalent to 5% of our air travel emissions.
5. Total GHG emissions represents operational GHG emissions after accounting for purchased and retired RECs for Scope 2 and SAFc for 5% of Scope 3 air travel emissions, in accordance with GenZero's Reporting Criteria.
6. Portfolio emissions only refer to Scope 1 and 2 (market-based) emissions of investment portfolio.
7. PricewaterhouseCoopers LLP has undertaken a limited assurance engagement on GenZero's selected climate impact metrics for the year ended 31 December 2025. The assurance report, reporting criteria, and details on the assured metrics can be found here.

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