



TCFD-aligned report **VistaJet**

Details

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Acronyms and abbreviations

CO ₂	carbon dioxide
CO ₂ e	carbon dioxide equivalent
GHG	greenhouse gas
EU	European Union
RCP	Representative Concentration Pathway
SAF	Sustainable Aviation Fuels
TCFD	Task Force on Climate-Related Financial Disclosures
US	United States





Introduction

In 2021, VistaJet published its first report aligned with the Task Force on Climate-Related Financial Disclosures (TCFD) recommendations. At the time of its publication, VistaJet became the first company in the private aviation industry to publish a TCFD-aligned disclosure, consolidating its leading role in the industry in tackling climate change.

By disclosing in accordance with the TCFD recommendations, VistaJet aims to better understand the impacts that a changing climate could have on its business, as well as to transparently inform its stakeholders about the implications of climate change-related risks on the company.

Created in 2017 and spearheaded by Mark Carney and Michael Bloomberg with the endorsement of more than 1000 stakeholders, the TCFD framework seeks to guide organisations in disclosing relevant information about how climate change might impact their business strategies, particularly in the areas of governance, strategy, risk management, and targets and metrics.

In 2022, building upon the previous work undertaken last year, VistaJet updated the climate risk scenario analysis. As such, the analysis was expanded to evaluate how certain physical risks might change in three new regions (South America, Africa and Australia) in addition to the three regions evaluated last year (North America, Europe and Asia). The physical risks most likely to impact VistaJet's key airports were also evaluated. At the same time, the transition risk analysis was revisited and updated to account for the latest policy and market developments.

Details about the key findings of the updated climate risk scenario analysis, as well as a short description of the methodology and key assumptions underpinning the analysis, are disclosed in the first section of the report.

The second section of this summary report provides an overview of the governance and risk management processes followed by VistaJet to identify, assess, and manage all relevant risks, including, to some extent, climate change-related risks. A detailed description of VistaJet's governance and risk management structure and processes was included in the 2021 TCFD-aligned report.

The final section provides an overview of the metrics and targets adopted by the company, including a breakdown of the greenhouse gas (GHG) emissions by scope corresponding to the 2021 reporting period, and a summary of the initiatives VistaJet has in place to reduce emissions and implicitly the exposure to climate risks.





Strategy

The possible impacts of climate change-related risks on VistaJet were assessed by exploring various climate scenarios.

VistaJet's operations are concentrated in North America, Europe, and Asia, with a smaller number of flights operated in Africa, Australia, and South America.

The transition risk analysis focused on evaluating the latest policy and market developments in the United States (US), European Union (EU) and at a global level.

The physical risk analysis focused on how climate change-related risks might impact VistaJet in all these regions, particularly in the regions not included in the assessment undertaken last year. In addition, it also evaluated how the main airports (i.e. strategic destinations for VistaJet) might be impacted by climate change physical risks.

The climate scenario analysis assessed how the risks might materialise in the medium (2030) and long term (2050).

The following scenarios were considered for the analysis:

Table 1: Scenarios considered for the climate risk assessment

Risk type	Scenario
Physical risks	<p>RCP 8.5, a high-impact scenario</p> <p>The Representative Concentration Pathway (RCP) 8.5 assumes that the GHG emissions will continue rising at today's rate until the end of the century, with little mitigation efforts. Under this scenario, significant increases in the frequency and intensity of extreme weather events are projected to occur already by the middle of the century.</p>
	<p>A business-as-usual scenario</p> <p>This scenario models the implications that the current and announced policies would have on the energy sector in the next decades.</p>
Transition risks	<p>A below 2°C scenario</p> <p>In line with the Paris Agreement, this scenario explores what policies, technologies, and market changes would need to be put in place to reach the goal of limiting the global temperature rise to well below 2°C by the end of the century compared to pre-industrial levels.</p>

2.1 Key findings: physical risks

The physical risks selected for the scenario analysis were extreme temperatures, flooding, tropical cyclones / windstorms, convective weather, and clear air turbulence / wind shear.

including Australia, South America and Africa, which comparatively represent a smaller number of operations.

A review of the physical risks this year included the expansion of the analysis to more regions,

The analysis found that extreme temperatures, such as heat waves, are projected to become more frequent and intense in all the six regions. Severe and prolonged

periods of heat waves can compromise the aircraft performance and cause runway damage, suspending flight operations.

Tropical cyclones / windstorms, as well as extreme precipitation events that might exacerbate the risk of flooding, are projected to occur more frequently in all regions except Africa. These hazards might disrupt the flight operations and damage the airport infrastructure.

The analysis did not find an increased risk of convective weather in the regions included in the analysis undertaken this year, while clear air turbulence / wind shear is projected to become more common and severe in Australia and South America, in addition to North America and Europe, as confirmed in the previous assessment.

The figure below shows which physical risks are expected to change the most, and their potential impacts on VistaJet.

A qualitative rating was assigned, ranging from low to high, which reflects the future changes in the frequency and / or severity of the hazard from current conditions. The figure summarises the climate risk ratings for each risk under a RCP8.5 scenario for a long-term horizon.

Additional analysis identified the most vulnerable airports strategic to VistaJet's operations. The assessment concluded that Miami International Airport and Hong Kong International Airport are most at risk of coastal flooding, with both airports also being vulnerable to an increasing strength in tropical cyclones (hurricanes and typhoons, respectively). Future heat stress is projected to particularly affect airports in the Middle East and the Mediterranean, such as Dubai (Dubai International Airport and Al Maktoum International Airport) and Athens (Eleftherios Venizelos International Airport).

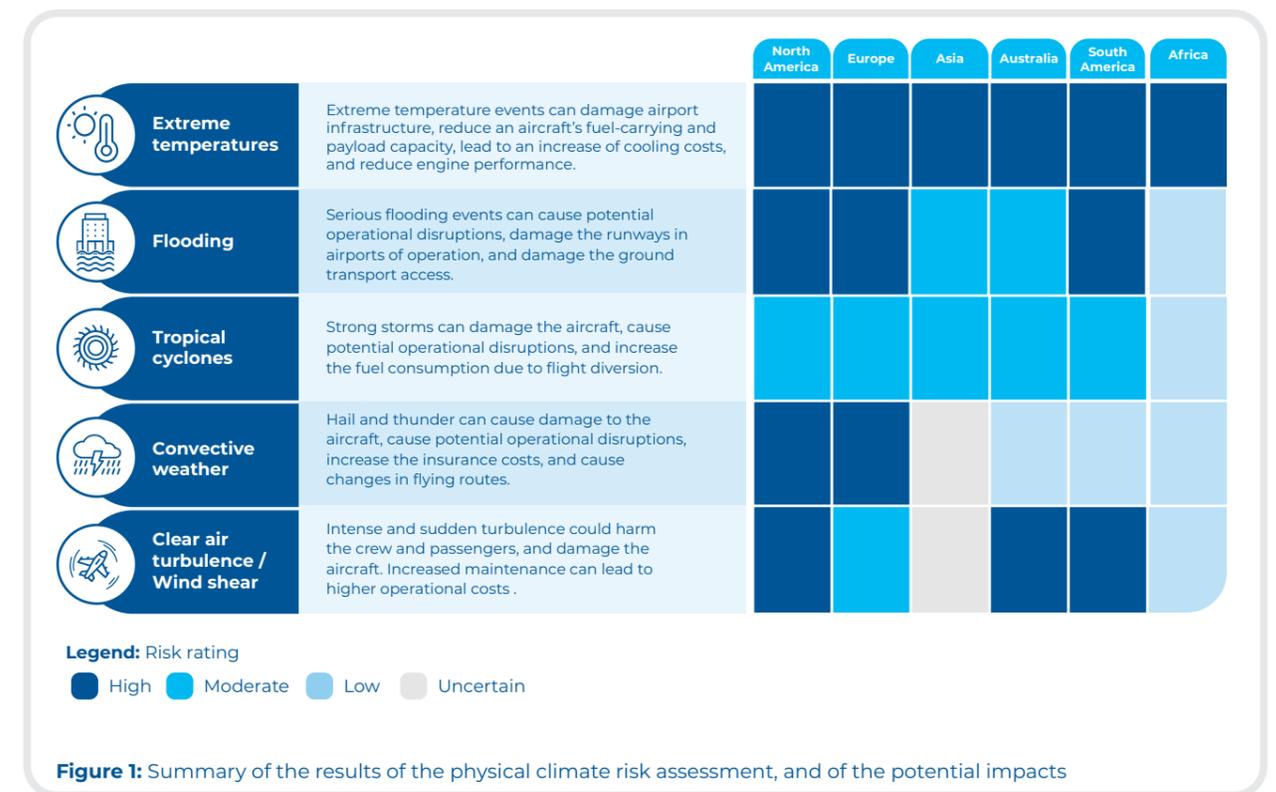


Figure 1: Summary of the results of the physical climate risk assessment, and of the potential impacts

2.2 Key findings: transition risks

The latest policy and market developments were reviewed to update the analysis of the transition risks identified as relevant to VistaJet in the previous analysis.

These issues are related to changes in customer preferences and behaviour, reduced demand for air travel due to rising flight costs, and carbon pricing risk, as well as changes in the biofuel market.

Customer preference for flying is expected to shift to alternative, low-carbon modes of transportation, particularly in advanced economies such as the US and EU. This trend is projected to become more pronounced in a below 2°C scenario, although certain technologies developments, if adopted on a commercial scale, might reduce the emission intensity of flights and reverse this trend. At a global level, however, an overall increase in the demand for air travel is expected.

Another factor that could reduce the demand for air travel might be higher ticket costs. Some of the sources reviewed project an increase of up to 10% in the price of air tickets due to carbon taxes or policies that require the adoption of sustainable aviation fuels (SAFs). The changes are more significant in a below 2°C scenario, as stronger support for alternative means of transport, such as high-speed rail systems, is expected in a scenario with a higher level of climate ambition. Such changes are expected to take place particularly in regions with existing infrastructure in place to accelerate the adoption of high-speed rail systems, for example in the EU. In the US, the adoption of high-speed rail systems is expected to take place at a slower pace due to a lack of adequate infrastructure, policy support and incentives.

The carbon pricing risk varies greatly depending on the region. In the US, existing carbon pricing policies are implemented at a state level and do not cover the

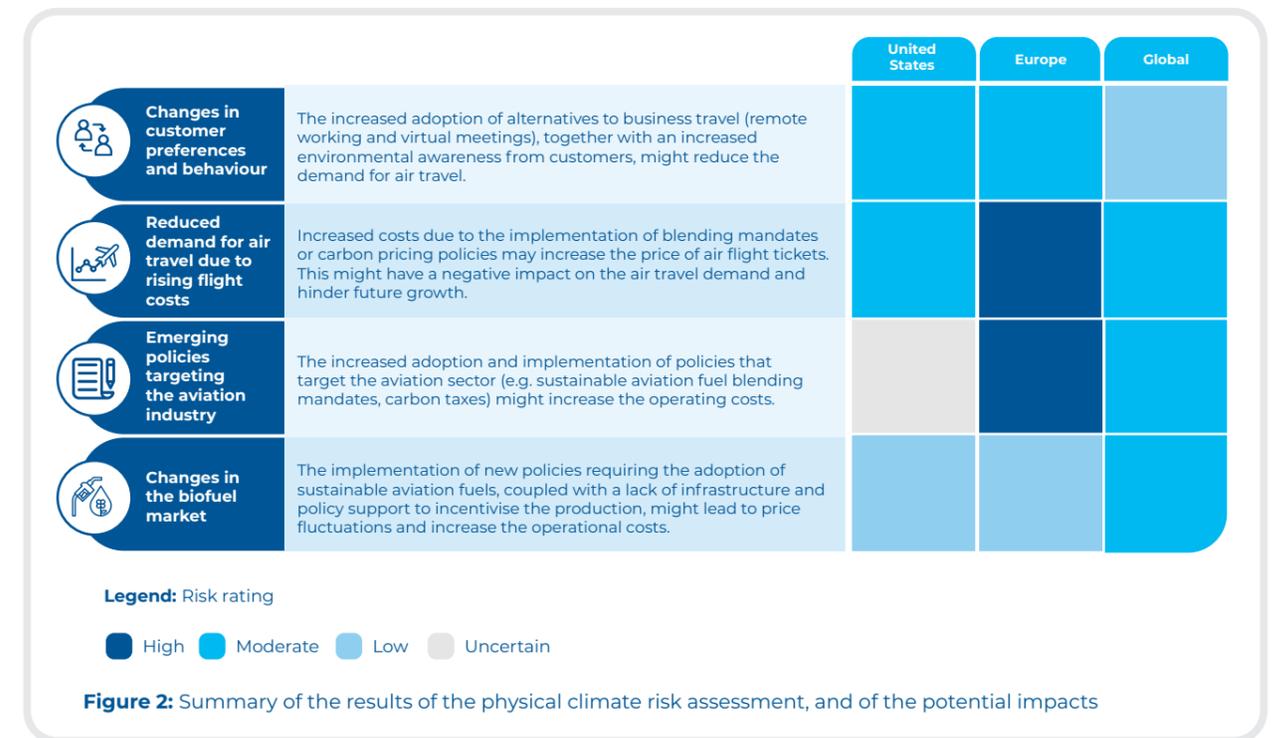
domestic aviation market. Whether this will change or not in the future is uncertain in both scenarios. However, the EU Emission Trading System does cover the aviation industry, and the carbon price is projected to increase significantly in a below 2°C scenario compared with a business-as-usual scenario. Moreover, the Carbon Offsetting and Reduction Scheme for International Aviation, which covers international flights, is expected to become mandatory after 2027. An increase in operation costs as a result of these policies could make certain flight operators pass on the costs, increasing the price of the tickets, consequently impacting the demand.

Strong policy support to incentivise the adoption of SAFs has been announced by both the US and the EU. For example, the Sustainable Aviation Fuel Grand Challenge initiative launched in 2021 in the US set as a goal the production of three billion gallons of sustainable fuel by 2030, to further drive emission reductions in the aviation industry. In the EU, the ReFuelEU Aviation initiative, if adopted, would also

increase the uptake of SAFs by the aviation industry. Such initiatives would reduce the price volatility of biofuels as well as the costs, reducing VistaJet's exposure to the risk in both scenarios. In light of these developments, the risk rating was revised down from last year, from medium to low. Apart from the US and EU, no other regions or countries have announced policy support for SAFs, which could result in supply challenges for VistaJet for some routes, especially in a business-as-usual scenario.

The figure below shows which physical risks are expected to change the most, and their potential impacts on VistaJet.

The risk rating took into account the strength and direction of the change relative to current conditions. The figure summarises the climate risk ratings for each risk in a below 2°C scenario for a medium-term horizon.



Governance and Risk Management

Existing governance structures and risk management processes to support the further integration of climate-related risks.

Vista governance structures and risk management processes, including in relation to sustainability and climate issues, are applicable to VistaJet and to all entities in which Vista has a significant investment.

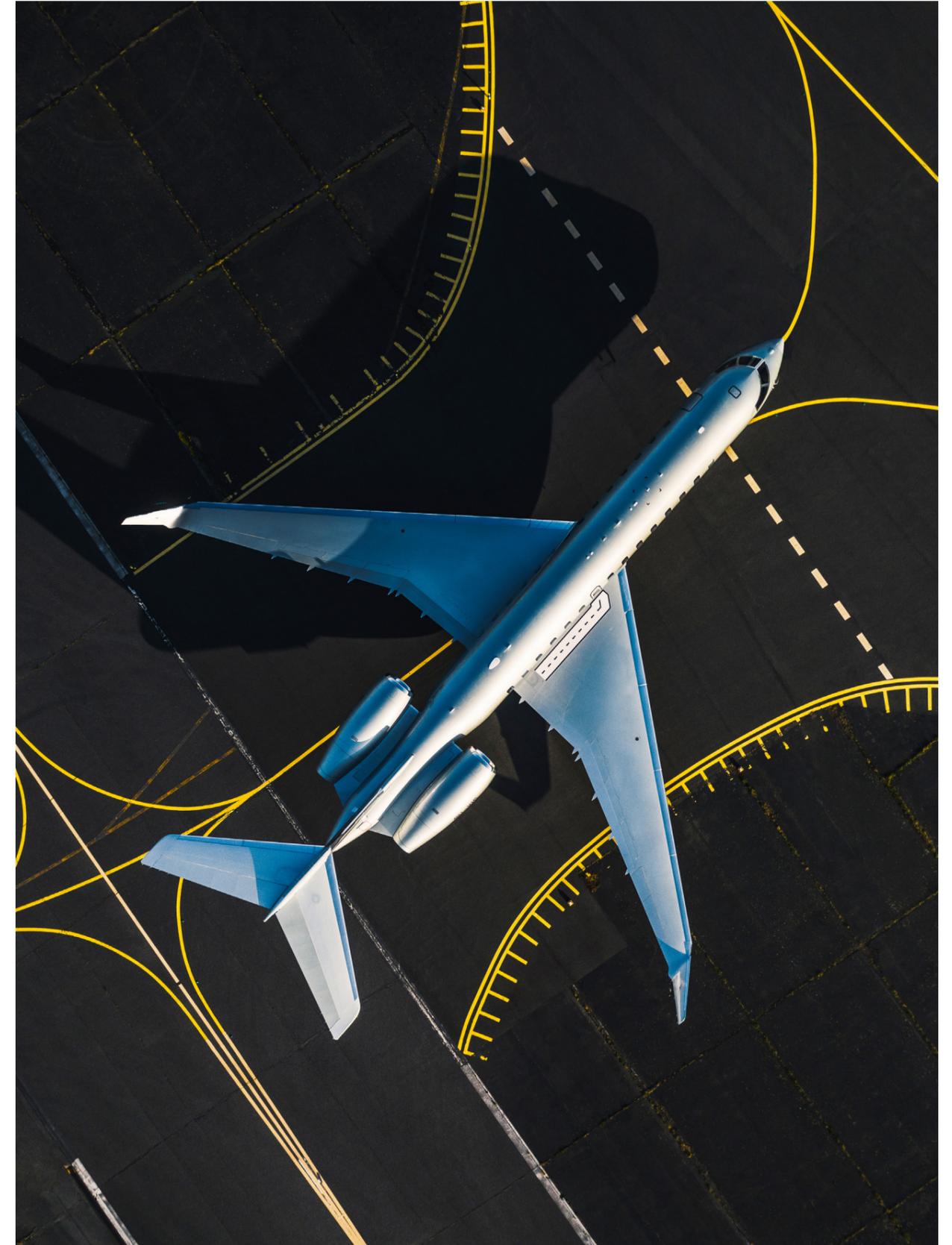
A summary of the responsibilities and roles within Vista that relate to safety, risk management, and sustainability is provided below.

Table 2: Responsibilities and roles relating to safety, risk management, and sustainability

Department	Responsibilities and roles
Executive Committee	<ul style="list-style-type: none"> Oversees climate-related issues Monitors responsibilities linked to risks and opportunities Approves the company's climate strategy and targets
Sustainability Department	<ul style="list-style-type: none"> Monitors the climate strategy and targets Supports the development of the GHG inventory Coordinates the reporting activities regarding sustainability and climate change issues
Safety Review Board	<ul style="list-style-type: none"> Evaluates the status of the implementation of safety policies, including policies relating to weather hazards Defines safety performance indicators Reviews the hazard identification and mitigation processes
Safety Action Group	<ul style="list-style-type: none"> Provides updates on the risk assessments performed Coordinates the implementation of actions related to safety risk controls Assesses the safety impact of operational changes or new technologies

The risks relating to market and compliance requirements as well as risks that concern weather hazards are closely monitored to ensure that there are strategies in place to respond to such issues. For more

information about Vista risk management process, please refer to the [VistaJet 2021 TCFD-aligned Report](#).



Metrics and Targets

Measuring emissions and establishing initiatives to reduce them is key to addressing the risks related to climate change.

Since 2019, VistaJet has conducted GHG inventories following the guidelines of the 'The Greenhouse Gas Protocol: GHG Protocol: A Corporate Accounting and Reporting Standard, Revised Edition' (GHG Protocol) and the complementary 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard'.

In line with best practices, VistaJet reports its Scope 1, Scope 2 and Scope 3 emissions.

Table 3: Scope 1, Scope 2 and Scope 3 definitions based on the GHG Protocol

Scope	Description
Scope 1	Emissions directly generated from sources owned or controlled by the company
Scope 2	Emissions generated by the generation of purchased electricity
Scope 3	Emissions indirectly generated as a result of the activities of the company from sources that the company does not own or control

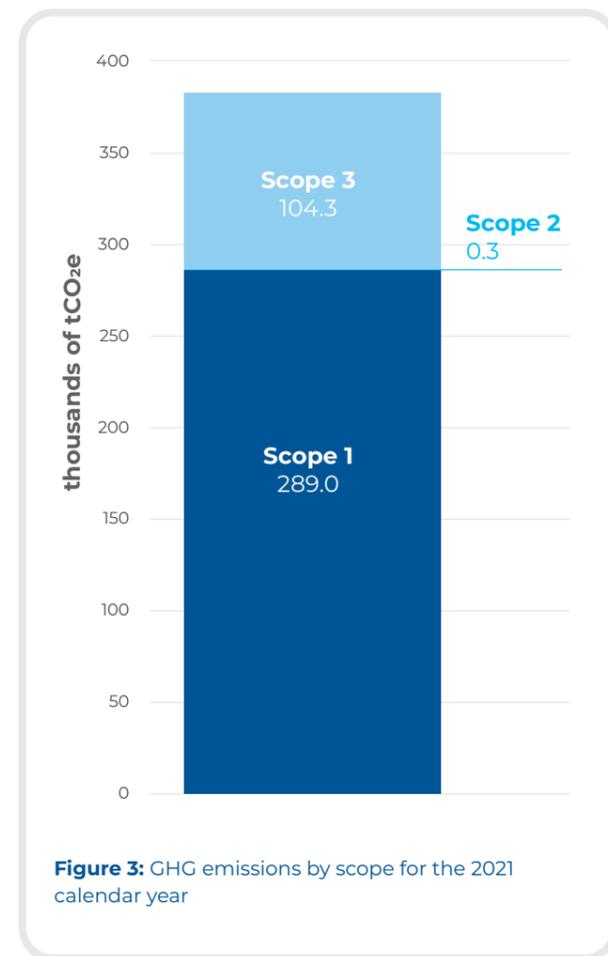


Figure 3: GHG emissions by scope for the 2021 calendar year

VistaJet's total carbon footprint for the year 2021 was estimated at 393,579.03 tonnes of carbon dioxide equivalent (tCO₂e). Both direct and indirect emissions were measured, and a breakdown by scope (Scope 1, Scope 2 and Scope 3) can be seen in Figure 3. Scope 1 has the highest contribution to the overall GHG emissions, accounting for 73.44% of the total footprint, followed by Scope 3 with 26.49% and Scope 2 with 0.07%.

VistaJet has implemented several measures aimed at driving emissions reductions across all stages of the value chain, and which are part of the company's strategy to achieve carbon neutrality by 2025.

- Certified carbon credits. Over 85% of VistaJet's clients are now compensating for the emissions produced by their flights through carbon credits. This figure is higher than the one reported in 2020 (80%).
- Sustainable Aviation Fuels. VistaJet continues to encourage the adoption of SAFs, which are expected to significantly reduce emissions compared with conventional jet fuels.
- Efficient aircraft. Employing new and more efficient aircraft ensures less fuel burning and lower emissions. Since 2021, VistaJet has added 10 new Global 7500 aircraft to its fleet.

- Efficient technology. VistaJet continues to invest in artificial intelligence and state-of-the-art software aimed at optimizing the flight operations by providing fuel-efficient trajectories.
- Sustainable in-flight products. Over 90% of single use items have been replaced by sustainable alternatives.
- Use of renewable electricity. In two of VistaJet's offices, the electricity comes from renewable sources; VistaJet plans expand its use to more offices.





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