TCFD-aligned report
Apollo Jets

south pole

apollojets

Details

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Acronyms and abbreviations

CO_2	carbon dioxide
CO_2e	carbon dioxide equivalent
GHG	greenhouse gas
RCP	Representative Concentration Pathway
TCFD	Task Force on Climate-Related Financial Disclosures
US	United States

01

Introduction

As one of the leading private jet charter companies in North America, committed to embedding sustainability into its business strategy, Apollo Jets wants to ensure that the organisation is prepared to respond to climate change. To this end, Apollo Jets undertook a climate scenario analysis following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), for the first time in 2022.

01 Introduction

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.

The purpose of the climate scenario analysis – carried out with support from an external consultant – was to identify and analyse the impact of relevant climate-related risks and opportunities, but also to review the existing governance structures and processes the company already has in place to manage the respective issues.

The outcomes of the 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 Apollo Jets to identify, assess, and manage all relevant risks, including, to some extent, climate change-related risks.

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

02

Strategy

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

Apollo Jets is headquartered in New York City. Although it offers charter flights throughout North America, its operations are concentrated in the United States (US). For this reason, a climate scenario analysis was carried out to understand how climate change might impact Apollo Jets' strategy, particularly in the US. The analysis evaluated the impacts that both physical and transition risks might have on Apollo Jets 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	**RCP 8.5, a high-impact scenario** 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.
Transition risks	**A business-as-usual scenario** This scenario models the implications that the current and announced policies would have on the energy sector in the next decades. **A below 2°C scenario** 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.

As a charter airline company, Apollo Jets' direct exposure to climate change risks is relatively low. However, the company might still be indirectly affected by climate change, considering the vulnerability of the aviation industry to both physical and transition risks. Hence, the assessment evaluated primarily the indirect implications of the climate-related risks on Apollo Jets. For example, if a flight operator with which Apollo Jets has a partnership experiences a flight interruption or a delay as a result of weather hazards, this could affect Apollo Jets' customers. At the same time, any policy changes, especially in the area of carbon pricing, could increase the cost of airline tickets, reducing Apollo Jets' customer base. An overview of the results of the climate scenario analysis is provided below.

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.

It was found that extreme temperature events such as heat waves are projected to become more frequent and severe, particularly in urban areas such as New York. At the same time, more frequent extreme precipitation events, along with storms and a rise in sea level, might in turn increase the intensity and frequency of riverine and coastal flooding. Considerable damage to airport infrastructure and disruptions in flight operations might occur as a result of these events.

More intense tropical cyclones and convective weather might also cause delays and interruptions in flight operations, particularly over the south-eastern coast of the US. Under the RCP 8.5 scenario, these types of weather hazards are expected to become more severe and more frequent, especially in the long term.

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

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.

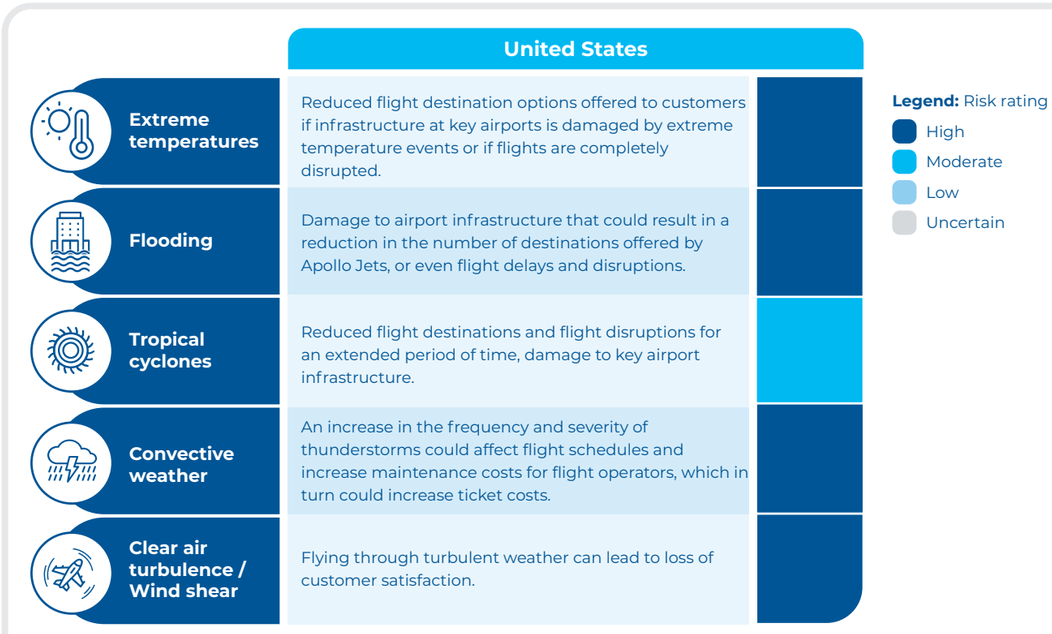


Figure 1: Summary of the results of the physical climate risk assessment, and of the potential impacts

2.2 Key findings: transition risks

The transition risks evaluated were changes in customer preferences and behaviour, reduced demand for air travel due to rising flight costs, and the emerging policies that might affect the aviation industry, particularly in the area of carbon pricing.

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

Another factor that could reduce the demand for air travel might be the result of 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. 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. However, in the US specifically, the adoption of high-speed rail systems is expected to take place at a slower pace than in other advanced economies that already have adequate infrastructure and policy support.

In regard to risks deriving from emerging policies targeting the domestic aviation market, currently, in the US, the existing carbon pricing schemes are implemented at a state level, and do not cover the aviation industry. This is not expected to change significantly in the short term, and the evolution in the medium term is uncertain.

The figure below reflects how the transition risks are expected to change in a below 2°C scenario, and their potential impacts on Apollo Jets.

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.

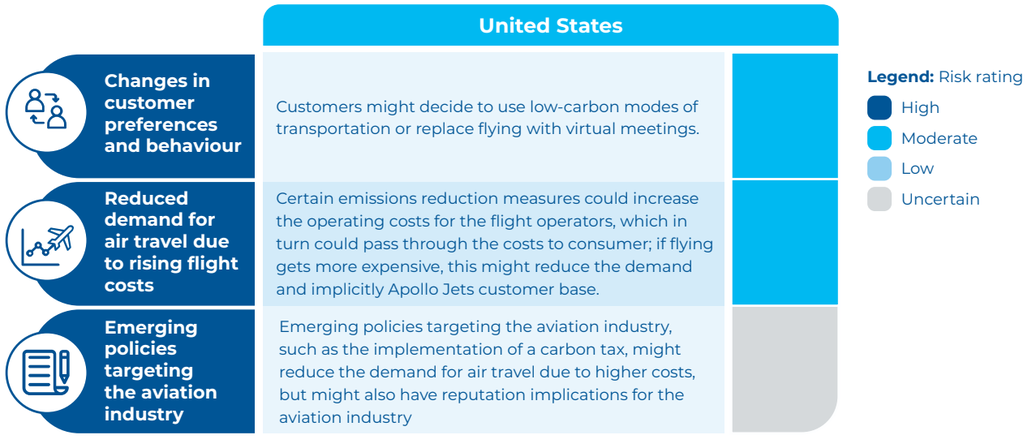


Figure 2: Summary of the results of the transition climate risk assessment, and of the potential impacts

02

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 Apollo Jets and to all entities in which Vista has a significant investment.

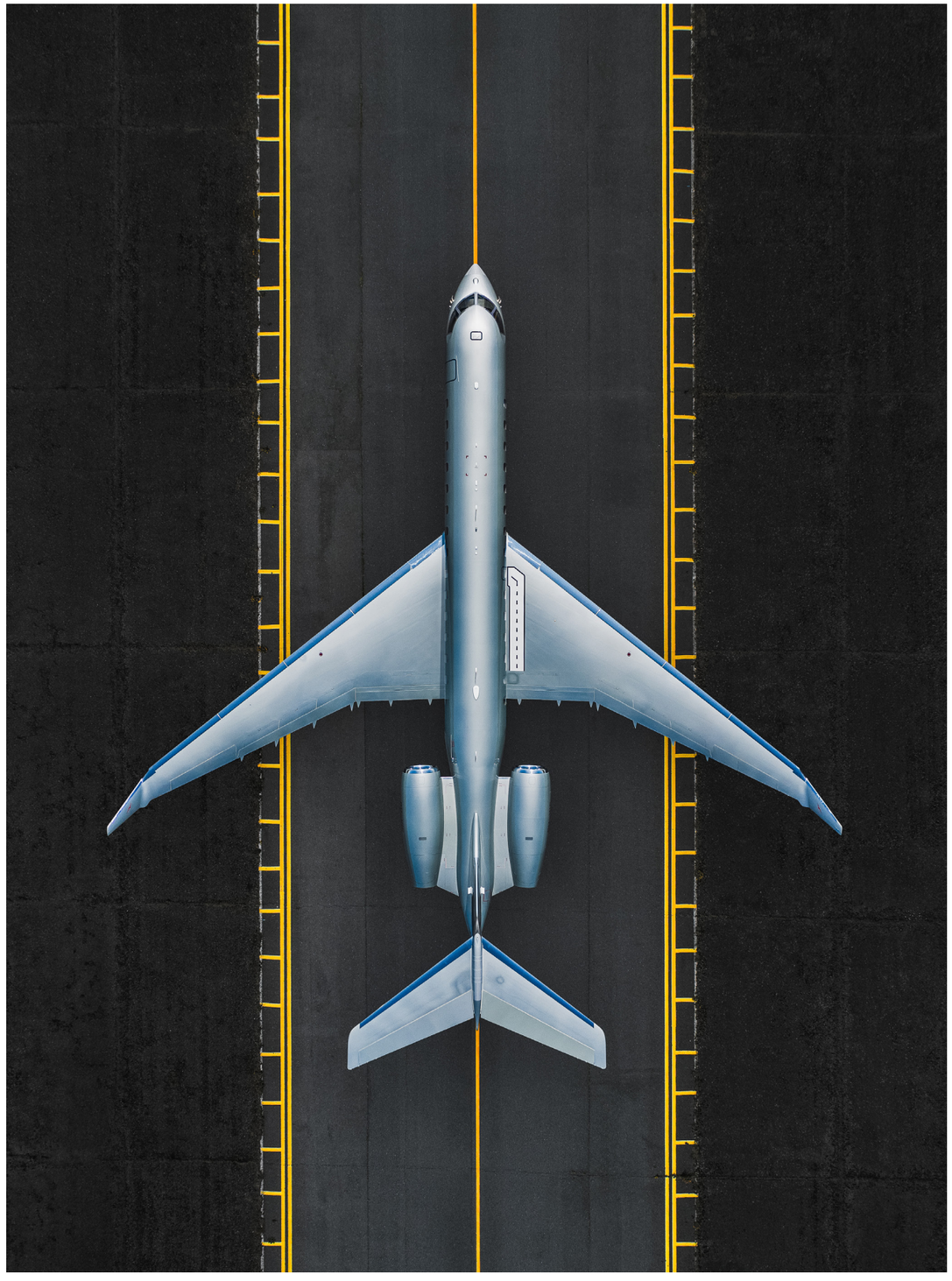
A summary of the responsibilities and roles within Vista that relate to safety, risk management, and sustainability is provided below.

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

Department	Responsibilities and roles
Executive Committee	• Oversees climate-related issues • Monitors responsibilities linked to risks and opportunities • Approves the company's climate strategy and targets
Sustainability Department	• 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	• 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	• 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.

03 Governance and Risk Management



04

Metrics and Targets

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

Starting from 2022, Apollo Jets is set to conduct 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, Apollo Jets has started to report its Scope 1, Scope 2 and Scope 3 emissions from the 2021 calendar year.

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

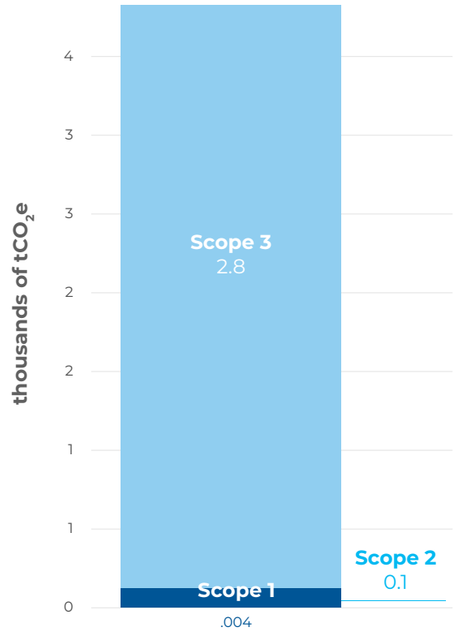


Figure 3: GHG emissions by scope for the 2021 calendar year

Apollo Jets' total carbon footprint for the year 2021 was estimated at 2,901 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 3 has the highest contribution to the overall GHG emissions, accounting for 97.52% of the total footprint, followed by Scope 2 with 2.34% and Scope 1 with 0.14%.

The results of the GHG inventory, as well as of the climate risk scenario analysis, will be considered by Apollo Jets in developing new initiatives in the sustainability area. Currently, as part of its offer as a charter operator, Apollo Jets gives customers the possibility to book discounted "empty leg" flights (i.e., those routes that have no scheduled passengers on board) which reduces unnecessary carbon emissions caused by flying empty aircraft to a destination.

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