



# TCFD-aligned report **Vista**



# Details

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# Acronyms and abbreviations

CO <sub>2</sub>	carbon dioxide
CO <sub>2</sub> e	carbon dioxide equivalent
GHG	greenhouse gas
RCP	Representative Concentration Pathway
SAF	Sustainable Aviation Fuels
SAG	Safety Action Group
SRB	Safety Review Board
TCFD	Task Force on Climate-Related Financial Disclosures
US	United States



A large, light blue graphic consisting of a circle 'O' and a vertical bar 'I' that together form the letters 'OI'. The 'O' is a solid light blue circle, and the 'I' is a light blue vertical bar. The background is a solid medium blue.

# Introduction

As one of the world leading companies in the aviation sector, connecting an ecosystem of aircraft operators (VistaJet, XOJET Aviation, Red Wing Aviation, Talon Air), and private jet charter companies (Apollo Jets, XO), Vista is committed to informing its stakeholders on how climate change-related issues are taken into account as part of the company's strategy.



In 2022, following the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), a climate risk analysis was carried out with the support of an external consultant to understand how climate change could impact each Vista company individually, but also to look at how certain policy and market developments could reshape the future of the aviation industry. For Vista, the purpose of the climate risk analysis is to understand where the vulnerabilities lie to inform appropriate responses.

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 organizations 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 line with best practices, a scenario analysis focusing on every individual company was conducted. The purpose was to analyze the impact of relevant climate-related risks and opportunities on Vista entities by considering their geographic reach as well as the specificities of their business model.

The scenario analysis was supplemented by a review of the existing governance structures and the risk processes in place to manage the respective issues.

A summary of the key findings is provided in the first section of this report, and separate reports detailing the methodology and results of the scenario analysis were published for each one of the entities.

The second section of the report provides an overview of the governance structures and risk management processes related to climate change issues that are applicable to all Vista entities.

The report also includes information on climate metrics such as greenhouse gas (GHG) emissions, as well as on the targets and initiatives implemented by Vista entities aiming at reducing emissions and implicitly the exposure to climate risks.







# Strategy

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



Given that Vista entities combined have a global reach spanning 187 countries, the analysis prioritized the key regions of operation of every individual company. For VistaJet, who this year updated the scenario analysis conducted previously, the strategic airports were also included in the analysis.

Three climate scenarios were used to explore how key physical and transition risks might evolve over time both in the medium (10–20 years) and long term (>30 years). The scenarios are described in the table below.

Table 1: Scenarios considered for the climate risk assessment

Risk type	Scenario
Physical risks	<b>RCP 8.5, a high-impact scenario</b> 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.
	<b>A business-as-usual scenario</b> This scenario models the implications that the current and announced policies would have on the energy sector in the next decades.
Transition risks	<b>A below 2°C scenario</b> 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.

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.

The analysis focused on exploring how these hazards are projected to change in companies' regions of operations (Europe, North America and South America, Asia, and Africa) under the RCP8.5 scenario.

The analysis found that extreme temperature events, 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

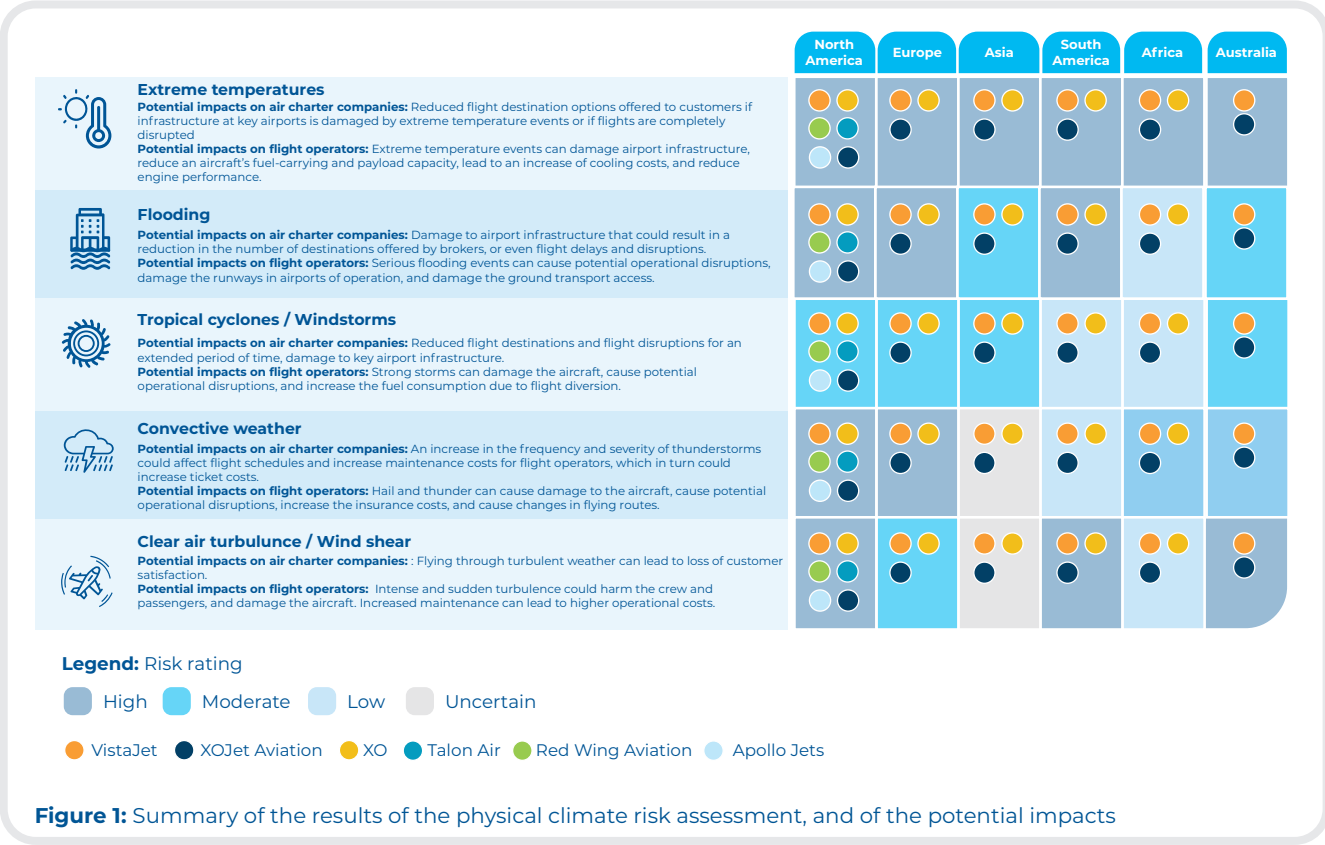
the aircraft performance and cause runway damage, suspending flight operations. This not only impacts the flight operators, but also the charter companies who might experience a reduction in the number of destinations offered to customers.

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. The changes in the frequency of these events are most significant in North and South America as well as in Europe. These hazards might disrupt the flight operations and damage the airport infrastructure.



An increased risk of convective weather is projected for North America and Europe. For all the other regions, the risk is not expected to change significantly, while for Asia the results are uncertain. Clear air turbulence / wind shear is projected to become more common and severe in North and South America, Europe and Australia. These types of events can delay the flight schedule, cause discomfort to the customers, damage the aircraft and increase the maintenance cost. While, in principle, such impacts mainly affect flight operators, an accumulation of these hazards over a short period of time could lead to higher operational costs (e.g. due

to increased insurance premiums) and if these costs are transferred to customers through the price of the plane ticket, it could reduce the demand for air travel. This has the potential to affect charter companies as well. 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.





2.2 Key findings: transition risks

The risks selected for the transition risk analysis were related to changes in customer preferences and behaviour, reduced demand for air travel due to rising flight costs, and the carbon pricing risk. For the flight operators, the changes in the biofuel market in the context of the transition to a low-carbon economy were analysed as well.

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.

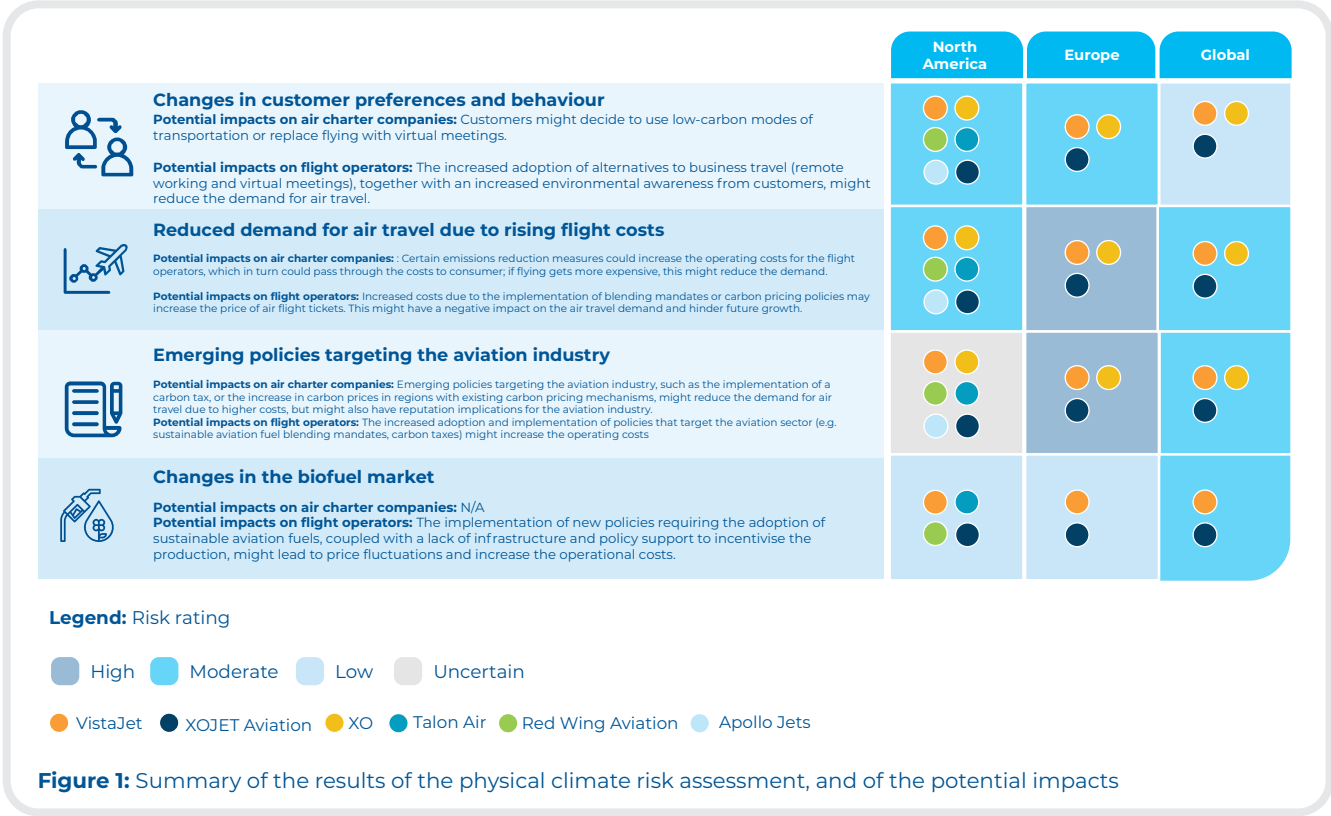
The carbon pricing risk varies greatly depending on the region. In the US, existing carbon pricing policies are implemented at a state level and do not cover the domestic aviation market. Whether this will change or not in the future is uncertain in both scenarios. However, the EU Emission Trading System 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.

Concerning the changes in the biofuel market, 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 the exposure to the risk of the flight operators in both scenarios. Apart from the US and EU, no other regions or countries have announced policy support for SAFs, which could result in supply challenges for some of the companies operating international routes like VistaJet and XOJET Aviation, especially in a business-as-usual scenario.

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.



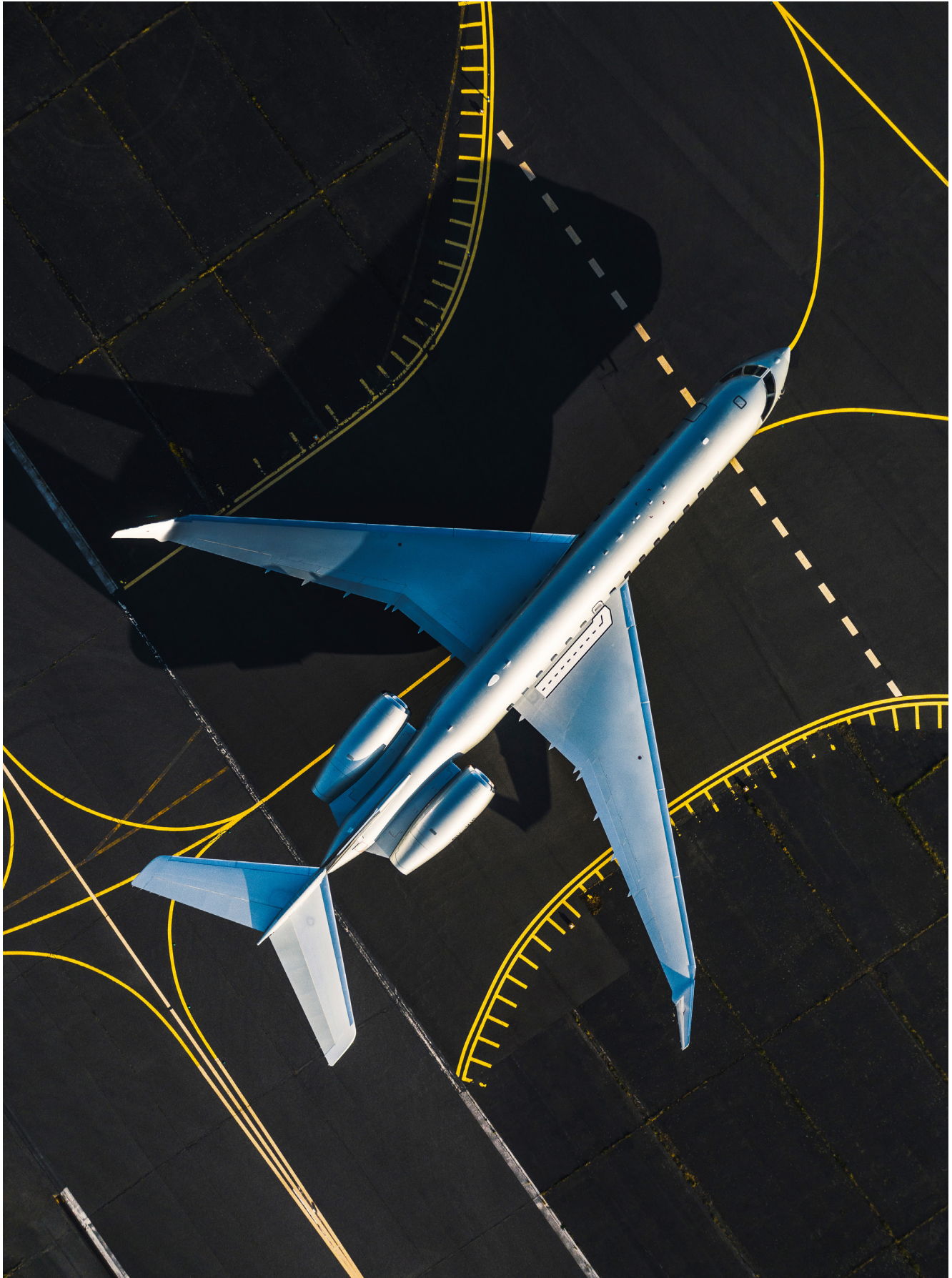
Vista governance structures and risk management processes, including in relation to sustainability and climate issues, are applicable to all entities in which Vista has a significant investment.

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

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.



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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'. This exercise began in 2022 for XOJET Aviation, Talon Air, Red Wing Aviation, Apollo Jets, and XO.

In line with best practices, Scope 1, Scope 2 and Scope 3 emissions were calculated for all entities.

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

The combined total carbon footprint of the Vista entities for the year 2021 was estimated at 805,373 tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e). Scope 1 has the highest contribution to the overall GHG emissions, accounting for 64.08% of the total footprint, followed by Scope 3 with 35.83% and Scope 2 with 0.09%. XO and Apollo Jets emissions only represent 1.51% of the total.

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 for the flight operators, and in Figure 4 for the two private jet charter companies.

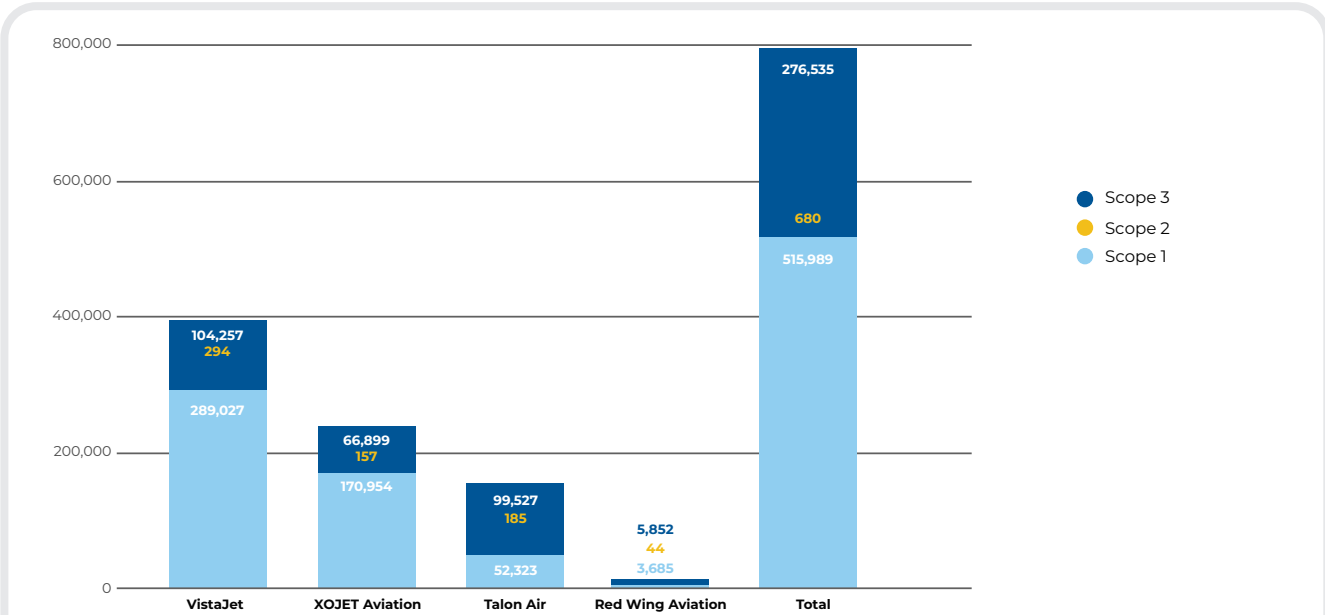


Figure 3: GHG emissions by scope for the 2021 calendar year

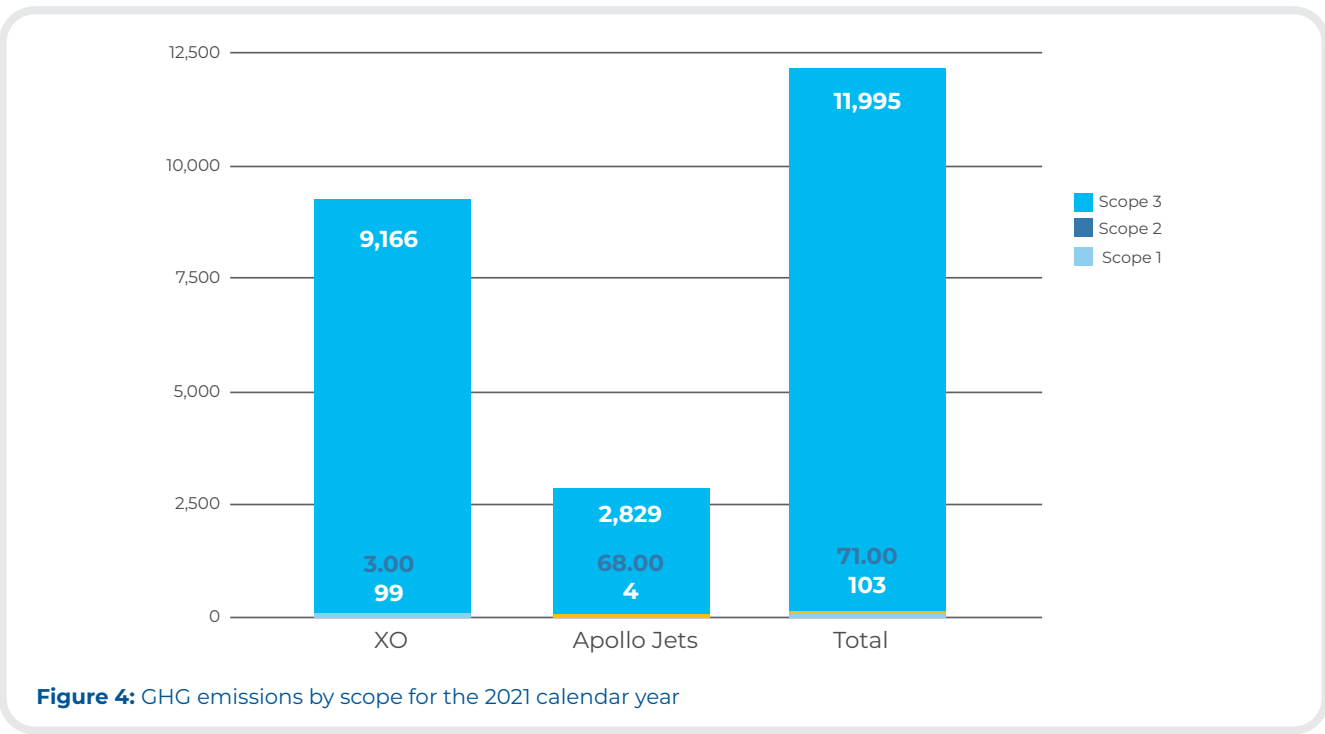


Figure 4: GHG emissions by scope for the 2021 calendar year

Each individual company has initiatives aimed at reducing carbon emissions. Details about each company's efforts are included in the individual reports, and an overview of key initiatives is included in the table below.

Table 4: Initiatives aimed at reducing carbon emissions

Company	Initiatives
VistaJet XO	<ul style="list-style-type: none"><li>• Customers have the option to offset their flights through carbon credits.</li><li>• Shared fleet model that ensures the efficient deployment of aircraft.</li><li>• Aircraft designed to optimise seats capacity.</li><li>• Use of artificial intelligence and machine learning to optimise the flights and operate efficient routes.</li></ul>
XOJET Aviation	<ul style="list-style-type: none"><li>• Bespoke aircraft management solutions that optimise flight operations.</li></ul>
Talon Air	<ul style="list-style-type: none"><li>• Aircraft maintenance services that extend the useful life of the aircraft.</li><li>• “Empty legs” booking to decrease number of aircraft flying with a reduced number of passengers.</li></ul>
Red Wing Aviation	<ul style="list-style-type: none"><li>• Aircraft maintenance services that extend the useful life of the aircraft.</li></ul>
Apollo Jets	<ul style="list-style-type: none"><li>• “Empty legs” booking to decrease number of aircraft flying with a reduced number of passengers.</li></ul>





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