# TCFD-aligned report





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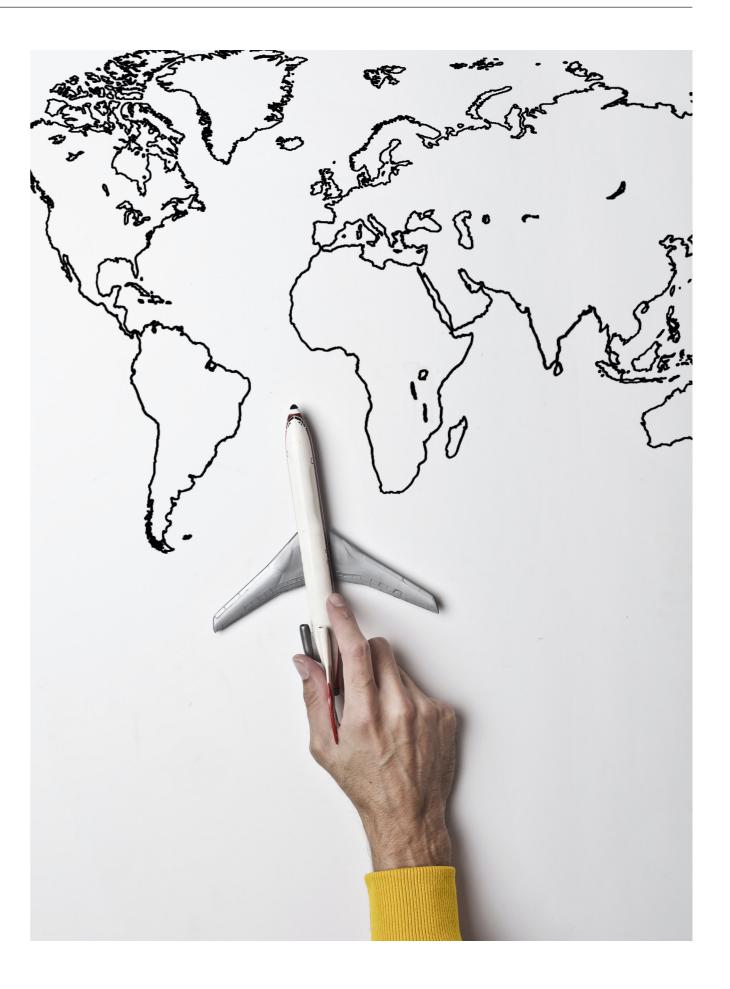
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# Acronyms and abbreviations

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



# Introduction

As one of the largest private jet charter companies in North America, XO is committed to putting sustainability at the heart of its business strategy. One first step towards this goal is understanding how climate changerelated risks might impact XO, in order to make informed decisions about how to mitigate and adapt to these issues. As such, XO undertook a climate scenario analysis following the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), for the first time in 2022. 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 XO 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 XO has in place to reduce emissions and implicitly the exposure to climate risks.







# Strategy

The possible impacts of climate changerelated risks on XO were assessed by exploring various climate scenarios.

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XO offers chartered routes to North America, Europe, scenario analysis evaluated how such risks might South America. Asia and Africa.

materialise in the medium (2030) and long term (2050).

The physical risk analysis focused on how climate The following scenarios were considered for the change-related risks might impact XO in all these analysis: regions, while the transition risk analysis focused on analysing key developments in the United States (US), European Union (EU) and at a global level. The climate

# 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.		
	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		
Transition risks			

XO is not directly exposed to risks related to climate existing schemes such as the EU Emissions Trading change, but the company could be significantly affected by certain physical and transition risks that could affect the flight operators with which XO has established partnerships or that on a larger scale could hinder the growth of the private aviation industry. For example, the introduction of new carbon pricing schemes or an increase in the carbon price under below.

Scheme (EU ETS) could increase ticket costs. In addition, more frequent and severe weather-related hazards could compromise flight operations, with adverse effects on XO's customers. Thus, a climate risk scenario analysis was carried out to better understand these issues, and an overview of the results is provided

# 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.

Extreme temperature events such as heat waves are expected to become more frequent and intense in all regions to which XO offers chartered routes. Increased frequency of extreme precipitation events, which can increase the intensity and frequency of flooding, hazards might cause disruptions in flight operations and damage airport infrastructure, which in turn might decrease the availability of flight destinations XO offers to customers, at least for certain periods of time.

Tropical cyclones / windstorms might also increase in frequency, particularly in North America, Europe and

			North America	Europe	Asia	South America	Africa
Ċ	Extreme temperatures	Reduced flight destination options offered to customers if infrastructure at key airports is damaged by extreme temperature events or if flights are completely disrupted.					
	Flooding	Damage to airport infrastructure that could result in a reduction in the number of destinations offered by XO, or even flight delays and disruptions.					
	Tropical cyclones / Windstorms	Reduced flight destinations and flight disruptions for an extended period of time, damage to key airport infrastructure.					
	Convective weather	An increase in the frequency and severity of thunderstorms could affect flight schedules and increase maintenance costs for flight operators, which in turn could increase ticket costs.					
	Clear air turbulence / Wind shear	Flying through turbulent weather can lead to loss of customer satisfaction.					

- Asia. The risk of convective weather is expected to increase in North America and Europe, while the risk of clear air turbulence / wind shear is expected to increase in North and South America, as well as in Europe. For Asia, the projections are uncertain.
- The figure below shows which physical risks are expected to change the most, and their potential impacts on XO.
- is projected for North America and Europe. These 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 an RCP 8.5 scenario for a long-term horizon.

# 2.2 Key findings: transition risks

The transition risks evaluated were related to 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 and EU. This trend is projected to become more 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.

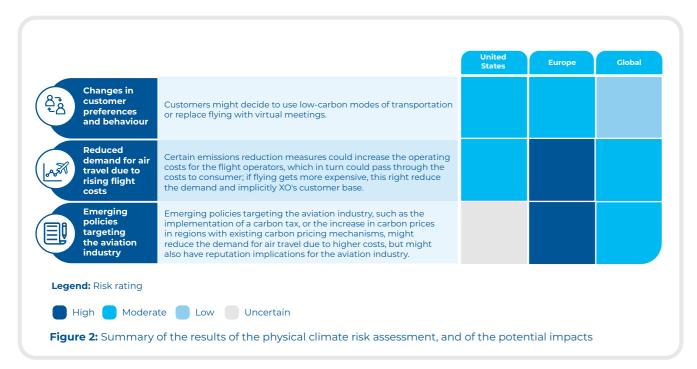
air travel might be higher ticket costs. Some of the sources reviewed project an increase of up to 10% in the price of air tickets due to carbon taxes or policies that require the adoption of sustainable aviation fuels. The changes are more significant in a below 2°C scenario, as stronger support for 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 for a medium-term horizon.

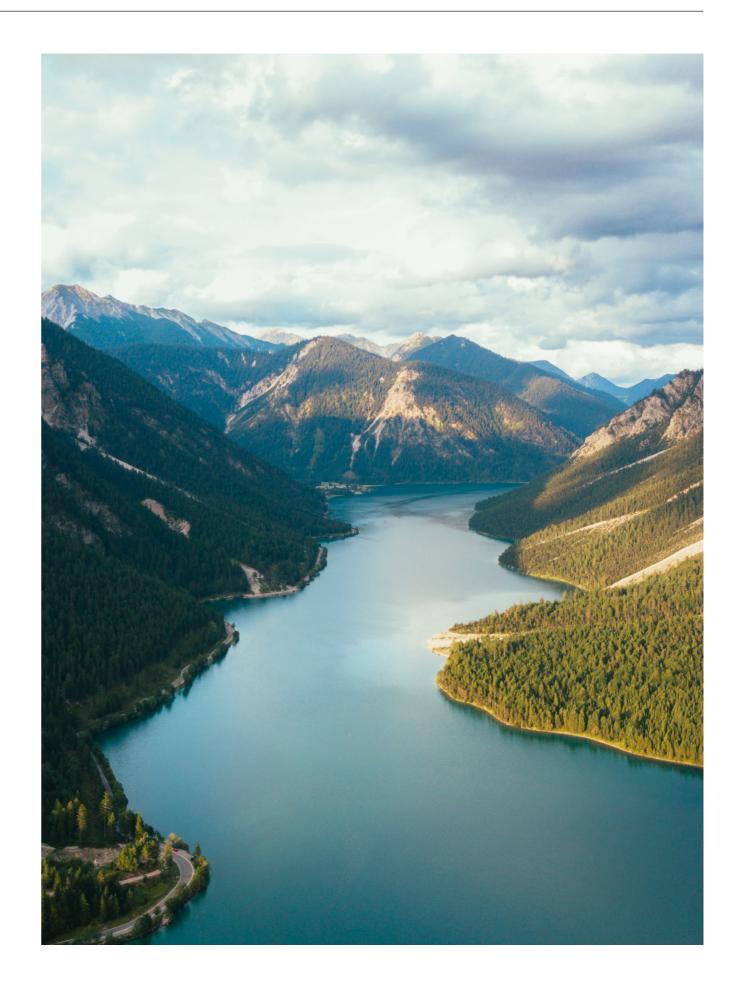
high-speed rail systems is expected to take place at a slower pace due to a lack of adequate infrastructure. policy support and incentives.

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 ETS does cover the aviation industry. pronounced in a below 2°C scenario, although and the carbon price is projected to increase certain technological developments, if adopted on 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 the operation costs as a result of these policies could Another factor that could reduce the demand for make certain flight operators pass through the costs, increasing the price of the tickets, consequently impacting the demand.

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

> 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 all relevant regions in a below 2°C scenario





# 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 A summary of the responsibilities and roles within processes, including in relation to sustainability and Vista that relate to safety, risk management, and climate issues, are applicable to XO and to all entities in sustainability is provided below. which Vista has a significant investment.

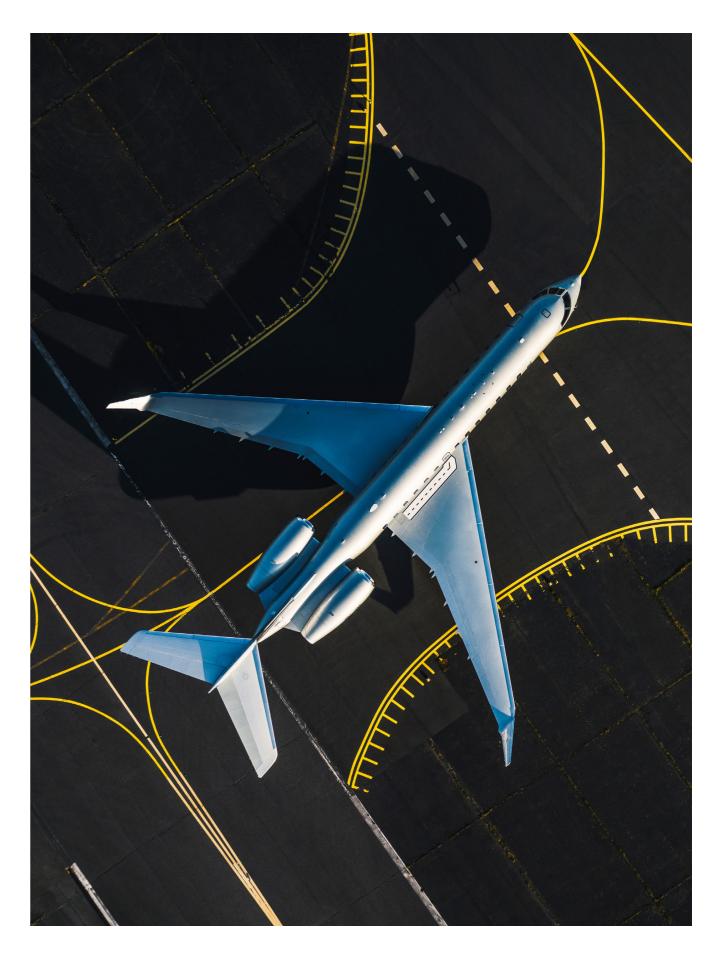
# Table 2: Responsibilities and roles relating to safety, risk management, and sustainability

Department	Responsibilities and roles
Executive Committee	<ul> <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> <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> <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> <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>

requirements as well as risks that concern weather please refer to the <u>VistaJet 2021 TCFD-aligned Report.</u> hazards are closely monitored to ensure that there are strategies in place to respond to such issues. For more

The risks relating to market and compliance information about Vista risk management process,







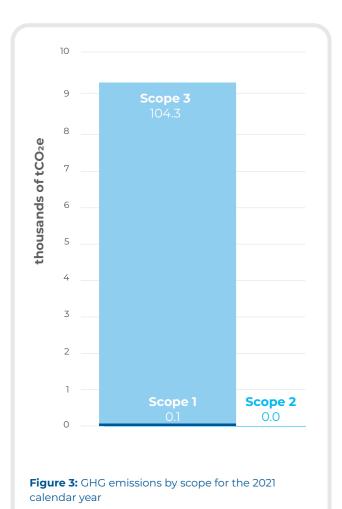


Measuring emissions and establishing initiatives to reduce them is key to addressing the risks related to climate change.

Starting from 2022, XO is set to conduct annual In line with best practices, XO has started to report its GHG inventories following the guidelines of the 'The Scope 1, Scope 2 and Scope 3 emissions from the 2021 Greenhouse Gas Protocol: GHG Protocol: A Corporate calendar year. Accounting and Reporting Standard, Revised Edition' (GHG Protocol) and the complementary 'Corporate Value Chain (Scope 3) Accounting and Reporting Standard'.

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

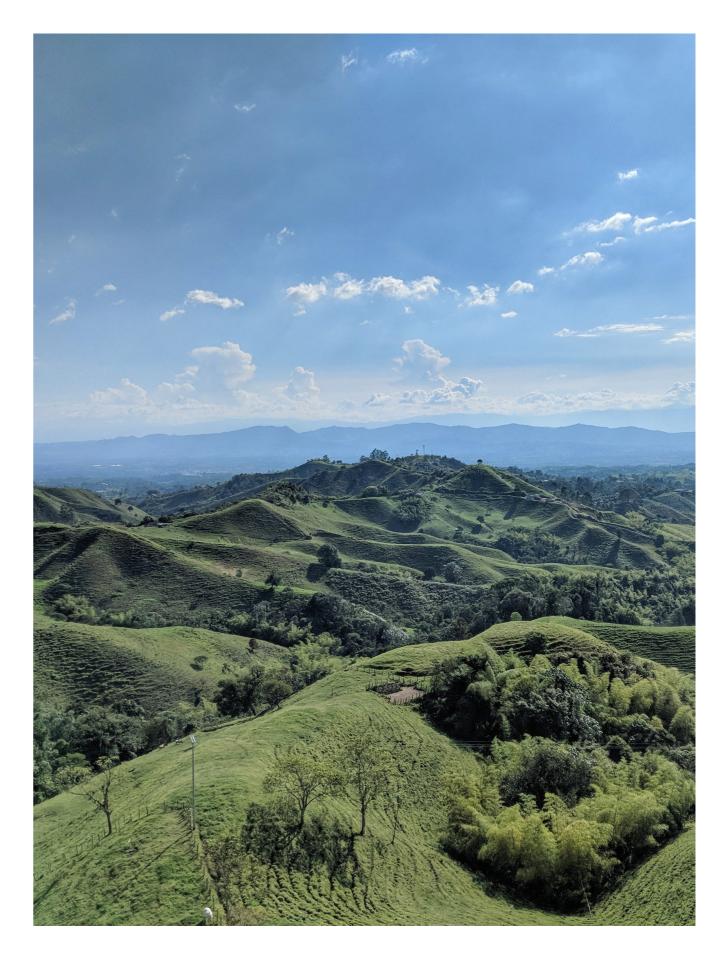
Scope	Description				
Scope 1	Emissions directly generated from sources owned or controlled by the company				
Scope 2	Emissions generated by the generation of purchased electricity				
Scope 3	Emissions indirectly generated as a result of the activities of the company from sources that the company does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



XO's total carbon footprint for the year 2021 was estimated at 9,269 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 98.90% of the total footprint, followed by Scope 1 with 1.07% and Scope 2 with 0.03%.

As part of XO's efforts to fight climate change, the company offers to its clients the option to offset carbon emissions generated by their flights, by giving them the option to purchase carbon credits (i.e. certificates) at the time of booking. 100% of the purchased carbon credits (with one carbon credit representing avoidance or removal of one metric ton of CO2 emissions from the atmosphere) goes towards supporting climate action projects around the world and reducing global emissions.

Additionally, the shared fleet model adopted by XO ensures the efficient deployment of aircraft. The design of the aircraft itself is aimed to optimise capacity, with individual seats on shared flights contributing towards the reduction of passengers' carbon footprints. Furthermore, the use of artificial intelligence and machine learning optimises the positioning of flights and enables the operation of efficient routes and the reduction of unnecessary fuel consumption. XO continues to aim to apply innovative technology that enables a more sustainable business model.





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