Climate-related Disclosure Report

2022

TABLE OF CONTENTS

About this report 4

About Transat 4

Message from the president and chief executive officer 5

1. Governance 6

1.1 Board-level oversight 6

1.2 Management's role 6

1.3 Decarbonization committee 7

2. Climate strategy 7

2.1 Transat's climate goals 7

2.2 Transat's decarbonization levers 8

2.3 Other actions to fight climate change 10

3. Climate-related risk management 11

3.1 Description of risks 11

3.2 Risk identification and assessment 11

4. Climate-related metrics 17

Appendix: description of climate legislation and regulations 20

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This Climate-Related Disclosure Report produced by Transat (or the "Company") contains forward-looking statements as defined by the applicable securities legislation. These forward-looking statements include assertions on Transat's decarbonization strategy, which aims to mitigate risks related to climate change.

Forward-looking statements may consist of, but are not limited to, comments regarding strategies, expectations, planned operations or future actions, which are inherently subject to risks and uncertainties that could cause actual results to differ materially from those envisioned in such forward-looking statements.

Forward-looking statements may differ materially from actual results for a number of reasons, including, but not limited to, weather and climatic conditions, the availability and cost of sustainable aviation fuel, the Company's reliance on key suppliers, the accessibility and fluctuation of fleet modernization costs, the ability to successfully implement various initiatives throughout the organization, the legal and regulatory framework, future binding or non-binding standards and agreements or their financial, operational or other implications, and other risks detailed in the "Risks and Uncertainties" section of our 2022 Annual Report, which has been filed with securities commissions and is available online at www.sedar.com. Thus, Transat cannot guarantee that it will achieve its current climate goals.

Readers should note that the factors listed above do not include all of the factors that may impact the Company's forward-looking statements. Likewise, they should take a close look at these and other factors, and avoid placing undue reliance on these forward-looking statements.

Readers should also note that Transat continues to set targets, make commitments and regularly assess the impacts of climate change. Moreover, Transat examines associated climate change initiatives, plans and proposals implemented by itself and other stakeholders (including government agencies and regulatory bodies) on an ongoing basis.

The forward-looking statements included in this Climate-Related Disclosure Report reflect Transat's expectations on the date of the report and are subject to change. However, Transat is not obligated and does not intend to update or review these statements as new information is published, in light of future developments or for any other reason, except where required by the applicable securities regulations in Canada.

About this report

This Climate-Related Disclosure Report was prepared per the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The report intends to effectively communicate the strategy established by Transat in regard to climate change. It includes information on climate change governance, strategy, risk management and goals. This third report covers the entirety of Transat's activities and especially focuses on flight operations, which account for a majority of the organization's greenhouse gas ("GHG") emissions. The report covers the calendar year beginning on January 1, 2022, and ending on December 31, 2022.

About Transat

Founded in Montreal 35 years ago, Transat has achieved worldwide recognition as a provider of holiday travel, particularly as an airline under the Air Transat brand. Voted World's Best Leisure Airline by passengers at the 2022 Skytrax World Airline Awards, it flies to international, American and Canadian destinations. Transat is currently renewing its fleet with the most fuel-efficient aircraft in their category as part of a commitment to a healthier environment, knowing that this is essential to its operations and the destinations it serves.
(TSX: TRZ) www.transat.com

New In This Report

Governance:
Appointment of a Vice President, Corporate Responsibility and establishment of a cross-functional decarbonization committee.

Strategy:
Development of a decarbonization roadmap consistent with the goal of becoming carbon neutral by 2050.

Risk management:
Redefinition of our short-term (1 to 3 years) and medium-term (3 to 10 years) timeframes to better reflect the fast pace at which climate risks are increasing.

Targets and indicators:
Adoption of new GHG emissions reduction target for 2030.

Message from the president and chief executive officer

Environmental, social and governance (ESG) issues affect every business segment in our industry, and climate change remains one of the most pressing issues of our time. We believe it is essential for the travel sector to follow a credible and consistent approach in terms of decarbonizing air transport. Despite the significant challenge at hand, everyone must play their part. For many years now, we have made sustainability a priority at Transat, with special attention to reducing our GHG emissions. For example, we are renewing our fleet with the most fuel-efficient aircraft in their category, investing in sustainable synthetic aviation fuel production in Québec, better managing our operations, and improving how we operate our fleet in order to save fuel and reduce our environmental footprint.

Through this third annual Climate-Related Disclosure Report, we are providing an update on Transat's climate risks and opportunities as well as an overview of our decarbonization strategy, which constitutes a priority of our corporate responsibility strategy.

Further progress to reduce GHG emissions in the aviation industry will require significant investments and the collaboration of industry players and stakeholders, namely governments, investors, customers and suppliers. While there are numerous challenges ahead, we remain committed to acting responsibly and confident that together, we can achieve federal climate goals and ensure the transition to a low-carbon economy.

Annick Guérard
President and Chief Executive Officer, Transat A.T. Inc.

1. Governance

1.1 Board-level oversight

At Transat, the Board of Directors (the "Board") is ultimately responsible for overseeing ESG matters, including climate-related risks and opportunities.

Board oversight of climate issues is now conducted through the Risk Management and Corporate Responsibility Committee ("RMCRC"), which monitors key strategic risks including climate change and other sustainability matters.

Figure 1: Overview of the governance structure for climate-related risks and opportunities

The RMCRC meets on a quarterly basis to ensure that Transat has a plan in terms of corporate responsibility and risk management, to review the Company's practises in these areas, and to report back to the Board. The RMCRC Charter is available on our website (French only).

The Governance and Nomination Committee ("GNC") is tasked with defining and maintaining high corporate governance standards and reviewing the Company's practices in such matters. The GNC also establishes the main criteria to guide the choice of Board candidates. The GNC Charter is available on our website (French only).

In 2021, the Board made some changes to align its skills matrix with Transat's strategic plan. Given the importance of corporate responsibility to the Company, we welcomed Valérie Chort, former Vice President of Corporate Citizenship and Sustainability at RBC and Executive Director of the RBC Foundation, as a new member of the Board in 2022.

1.2 Management's role

The management team's Corporate Responsibility Committee meets on a quarterly basis and ensures that climate initiatives are handled and funded appropriately. Where appropriate, this committee also brings key issues to the RMCRC's attention. The Corporate Responsibility Committee is made up of leaders and senior managers from relevant departments, including the Vice President, Corporate Responsibility.

Dedicated to sustainable development and ESG, Transat's Corporate Responsibility department ensures the day-to-day management of climate risks ("CR department"). Since 2022, this department has been led by the Vice President, Corporate Responsibility, who reports directly to the Chief People, Sustainability and Communications Officer, one of the executive officers at Transat.

The CR department leads the assessment and monitoring of climate-related risks and opportunities, as well as compliance reporting. The Vice President, Corporate Responsibility is tasked with providing

regular updates on climate-related risks, opportunities and outcomes to the management team and Board through the management team's Corporate Responsibility Committee and the RMCRC.

1.3 Decarbonization committee

Our decarbonization strategy is developed and implemented by a multidisciplinary working group under the leadership of the CR department. Chaired by the Chief Operations Officer, this group includes representatives from several departments such as Finance, Procurement, Flight Operations, Network Planning, Marketing and Corporate Responsibility. The group meets at least once every quarter to monitor the progress made on the decarbonization plan.

2. Climate strategy

2.1 Transat's climate goals

To help meet the Paris Agreement targets aimed at limiting global warming to well below 2°C above preindustrial levels, Transat has developed an ambitious Decarbonization Plan to achieve net-zero carbon emissions by 2050. This goal is in line with the aviation industry's commitments and those of the Canadian government.

Fully committed to reducing its environmental impact, Transat is seeking to reduce its CO_2 emissions per revenue tonne-kilometre (RTK) by 24% compared to 2019 levels by 2030. This intensity target applies to emissions from aviation fuel burned during flights operated under the Air Transat brand.

The achievement of this objective by Transat will greatly depend on the ability to meet its supply target of 10% sustainable aviation fuel (SAF) by 2030. This target is consistent with the World Economic Forum's Clean Skies for Tomorrow initiative, which aims to accelerate the deployment and use of SAF technologies to reach 10% of global jet aviation fuel supply by 2030. Furthermore, this target is in line with the goal set out in Canada's 2022–2023 Aviation Climate Action Plan regarding the use of SAF.[1]

In developing its Decarbonization Plan, Transat considered the option of setting a science-based target consistent with the Science Based Targets initiative (SBTi). However, after several simulations, it was determined that a science-based target would require unrealistically high volumes of SAF in the short term. Currently, there is a very limited supply of SAF on the market. It is only found in certain places in the world,[2] such as the United States and Europe, due to existing policies and regulations in those areas. The limited production of SAF is due to high production costs and competition with renewable diesel production, which is less costly and more energy-efficient to produce. There is no SAF commercially produced in Canada yet. Considering that over 50% of Transat's aviation fuel is loaded in Canada, it is not conceivable in the short term to commit to a target according to the SBTi .

[1] Available here: https://tc.canada.ca/sites/default/files/2022-11/canada-aviation-climate-action-plan-2022-2030.pdf
[2] Source: ICAO, "ICAO SAF facilities map," Looker Studio, https://lookerstudio.google.com/reporting/2532150c-ff4c-4659-9cf3-9e1ea457b8a3/page/p_2sq3qol5nc?s=mGz_sTv1l-c

2030 TARGETS

24% GHG intensity reduction target

Reduction in emissions from flight operations compared to 2019 as the reference year.

10% sustainable aviation fuel use

2.2 Transat's decarbonization levers

The roadmap identifies four key decarbonization levers that address our flight-related emissions, which account for over 99% of total emissions at Transat. These levers are consistent with those recommended by the International Civil Aviation Organization (ICAO).

Figure 2: Transat's decarbonization levers

DECARBONIZATION LEVERS FOR 2050				
Levers	**Fleet renewal**	**Operational efficiency**	**Sustainable aviation fuel**	**Carbon offsets**
Description	Fleet renewal and modernization	Fuel management program	Purchase of sustainable aviation fuel	Offsetting residual emissions
Decarbonization potential for 2050	***45%***	***2.6%***	***45%***	***Residual***

I. Fleet renewal and modernization:

Transat continued its fleet renewal and modernization strategy with the addition of two new Airbus A321LR planes in 2022. Thanks to this new generation of aircraft, which is the greenest in its class, the Company can save 15% on fuel consumption. These planes also emit 50% less nitrogen oxides (NOx) and 50% less noise than previous generations. In total, Transat has taken delivery of twelve A321LR aircraft since 2019 and is awaiting delivery of seven more. The Company has also announced the upcoming delivery of four Airbus A321XLR aircraft between 2025 and 2027.

Major investments in the development of green aerospace technology will be required to decarbonize the industry. Hybrid and electric airplanes are becoming increasingly more viable as research progresses, but in the medium term, such airplanes will only be suitable to travel short distances. As a long- and medium-haul airline operator, Transat does not currently plan on acquiring these types of aircraft as part of its short- and medium-term decarbonization strategy.

II. Improving operational efficiency:

Since 2003, Transat has maintained a stringent aviation fuel management program. Through initiatives such as single-engine taxi and onboard weight reduction, coupled with rigorous management and tracking of fuel consumption, Transat was able to reduce its emissions by approximately 5%. Improvements to air traffic management made by Transport Canada and NAV CANADA are also expected to help optimize aircraft fuel consumption.

Additionally, maximizing occupancy rates is an integral part of our strategy, with a focus on optimizing programming and standardizing revenue management tools. Our efforts to increase operational efficiency are supported by a modernized fleet, streamlined around two types of Airbus aircraft (A330 and A321).

III. The sustainable aviation fuel (SAF) supply:

SAFs are liquid hydrocarbon fuels from non-fossil origins. According to the ICAO's Report on the Feasibility of a Long-Term Aspirational Goal (LTAG) for International Civil Aviation CO_2 Emission Reductions,[3] the use of SAFs is one of the most important levers to reduce CO_2 emissions. SAFs may reduce CO_2 emissions by up to 80% compared to conventional fuel (based on the entire life cycle). We estimate that powering our flights with SAF could help reduce our absolute emissions by 45% between now and 2050.

Considering that over 50% of Transat's aviation fuel is loaded in Canada, where SAF is not yet available, Transat continues to prioritize the development of a "made-in-Canada" SAF industry. In November 2021, Transat announced an offtake agreement for sustainable aviation fuel produced in SAF+ Consortium's first plant. SAF+'s technology involves producing a synthetic fuel by capturing and combining CO_2 from industrial sources with green hydrogen produced in Québec. This type of SAF is particularly promising because it does not compete with dietary uses for humans or livestock. We anticipate that the offtake agreement will help Transat meet its target of 10% SAF supply by 2030.

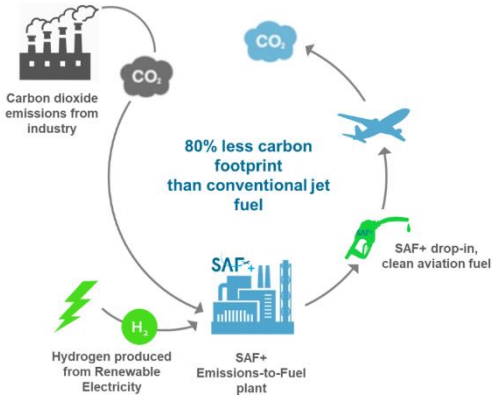
The potential for SAF to help achieve industry decarbonization targets depends on a favourable political and regulatory landscape in Canada, which will accelerate the availability of SAFs at a viable cost.

[3]Source: ICAO, "Report on the Feasibility of a Long-Term Aspirational Goal (LTAG) for International Civil Aviation CO_2 Emission Reductions," March 2022, https://www.icao.int/environmental-protection/LTAG/Documents/REPORT%20ON%20THE%20FEASIBILITY%20OF%20A%20LONG-TERM%20ASPIRATIONAL%20GOAL_en.pdf

Figure 3: Description of the SAF+ Consortium project

SAF+ Consortium was the first in North America to produce synthetic aviation fuel through its pilot plant located in the east end of Montreal. It now aims to produce its fuel at a commercial scale by 2028.

Source: SAF+ Consortium



IV. Carbon offsets:

Transat is subject to the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). Under CORSIA, airline companies must offset any increase in emissions over the applicable baseline year levels by purchasing offset credits or using SAF. Airlines will begin to fulfill their obligations under CORSIA once the air travel industry as a whole reaches and surpasses its 2019 emission levels. Due to the decrease in flights caused by the pandemic, Transat does not currently foresee an obligation to purchase offsets for the first years of the scheme.

Reducing emissions at the source remains a key priority. However, Transat recognizes that voluntary offsets beyond the mandatory requirements of CORSIA will be essential to tackle the climate challenge. Transat is considering the possibility of a program enabling customers to purchase carbon offset credits.

2.3 Other actions to fight climate change

Energy efficiency in our buildings:

Transat has implemented many initiatives to improve energy efficiency and reduce the emissions of its buildings. For example, in 2015, the Company installed a solar wall and improved its HVAC systems at the Montreal maintenance hangar. This led to a 30% reduction of its natural gas consumption, which was cut by 130,000 cubic metres annually. In terms of emissions, this equates to a reduction of over 240 tonnes of CO_2 per year.

Telework and sustainable transportation:

A proactive telework policy, which has been central to employee well-being, allowed Transat to reduce the carbon footprint of its buildings. Additionally, employees have access to EV charging stations and dedicated parking spots for low-emission vehicles.

Stakeholder engagement:

We can only achieve net-zero emissions by 2050 if all public and private stakeholders make a collective commitment to achieve this transition, which will require new technological solutions, significant investments and a major cooperative effort. Transat and the National Airlines Council of Canada (NACC) are working with the Canadian government and other air carriers toward this long-term goal, which aligns with both federal and international climate targets. We are working hard to support the development of SAF in Canada, which remains at an early stage. In that regard, we have partnered with industry organizations such as the Canadian Council for Sustainable Aviation Fuels (C-SAF) and are collaborating with the governments of the jurisdictions where we operate, as well as with our suppliers.

3. Climate-related risk management

The following section presents climate-related risks and opportunities in the short, medium and long term, including their impact on the Company's strategy and financial planning. Descriptions of risk mitigation actions are provided to illustrate the resilience of the organization's strategy, taking into consideration different climate-related scenarios such as a 2°C or lower scenario.

3.1 Description of risks

We have prioritized climate-related risks and opportunities based on their probability as well as their quantitative and qualitative impact on the Company's business in the short term (1 to 3 years), in the medium term (3 to 10 years) and in the long term (10 years and up). We reviewed our timeframes in 2022 to account for an increase in regulatory and reputational risks. Long-term risks do not pose an immediate threat, but must be monitored to ensure an appropriate mitigation strategy is in place to support a resilient decarbonization strategy. We have classified climate-related risks into two categories:

Transition risks: risks associated with the transition to a lower carbon economy. These include legal, technological, policy and market changes that may create financial and reputational risks for organizations.

Physical risks: risks resulting from the physical impacts of climate change. These include extreme weather events or climate disruptions that could cause operational risk for companies. Physical risks can either be acute (e.g., extreme weather events) or chronic (e.g., environmental changes such as rising sea levels).

3.2 Risk identification and assessment

The organization's integrated risk management process encompasses risks related to climate change. Climate risk management is a shared responsibility between the Vice President, Corporate

Responsibility, the decarbonization committee, the Vice President, Internal Audit and Risk Management, and the Company's executive officers. The RMCRC conducts risk oversight. Risks are assessed based on their probability as well as their quantitative and qualitative impact on the Company's business. They are embedded in our risk management and commercial, strategic, and financial planning processes. In the spirit of continuous improvement, the Company will continue to fine-tune its internal risk management and governance processes.

Figure 4: Overview of climate-related risks and potential impacts

Low impact ○ Moderate impact ● High impact ●

CLIMATE TRANSITION RISKS						
Type	**Description**	**Short-Term**	**Medium-Term**	**Long-Term**	**Potential Financial Impact**	**Risk Mitigation Measures**
Laws and Policies	Increase in regulations and legal requirements designed to combat climate change *See Appendix for a description of the regulations.*	○	●	●	- Carbon pricing will increase operational costs and may impact demand, which could lead to a loss in revenue. - The Company may lose its licence to operate if unable to comply with requirements. - Long-term decrease in revenue due to limitations on the number of passengers and airport capacity to reduce greenhouse gas (GHG) emissions.	- Implementation of a climate action plan in line with the net-zero target for 2050. - Reduction of fuel consumption through a modernized fleet and our fuel-efficiency strategy. - Monitoring of new regulations in order to assess and mitigate climate risks. - Active participation in government consultations to accelerate the development of policy incentives and regulatory frameworks that support the production and sale of SAF in Canada. - Transat is a founding member of the C-SAF, whose mission is to accelerate the production and distribution of SAF.
Market	ESG concerns leading customers to change their behaviours and travel less often, closer to home, or to use less emission-intensive transportation.	○	○	●	- Loss of revenue due to passengers choosing to travel less or opting for other means of transportation. - Financial impact depends on multiple factors and is difficult to quantify, but we estimate it to be low in the short and medium term.	- Monitoring consumer and competitor behaviours. - Development of a communications strategy to inform external stakeholders of our corporate responsibility programs. - Assessment of the rollout of a carbon offset program for customers.

Type	Description	Short-Term	Medium-Term	Long-Term	Potential Financial Impact	Risk Mitigation Measures
Reputation	Changing perception of air carriers due to growing public concern about climate change; impression that the industry or the Company is doing nothing to take action on climate change.		●	●	- Loss of environmentally conscious customers, leading to decreased revenue in the medium and long term. - Investors could demand more drastic goals and practices from the industry. - Financial impact depends on multiple factors and is difficult to quantify, but we estimate it to be low in the short and medium term.	- Creation of a position of Vice President, Corporate Responsibility in 2022 to build on the overall climate change and sustainability strategy. - Annual climate disclosure and preparation of a first ESG report in 2023 to strengthen our strategy governing accountability to all our stakeholders.
Technology	Technological factors that make decarbonizing the air travel industry intrinsically harder in the short and medium term.		●	●	- Capital expenditures will increase. - There may be delays in the delivery of new aircraft due to supply chain issues and growing demand for next-generation models. - Technology may not develop fast enough to allow us to meet our climate targets.	- Comprehensive fleet renewal project initiated in 2019 to increase the number of A321neoLR aircraft, which are the most fuel-efficient models in their category. - Fuel consumption optimization program (e.g., single-engine taxi, reverse thrust during landing, continuous descent approach).
	Purchase price and availability of SAF		●	●	- The premium on SAF purchases could cause an increase in ticket prices and potentially affect demand. - SAF production remains very limited and is currently concentrated in countries where incentives are available (in the US and in the UK).	- Collaboration to promote the supply of SAF in Canada, more specifically as a member of C-SAF. - Offtake agreement announced in 2021 to purchase synthetic fuel produced at SAF+'s first plant in Montreal. - Securing the purchase of SAF in Europe.

PHYSICAL CLIMATE RISKS						
Type	**Description**	**Short-Term**	**Medium-Term**	**Long-Term**	**Potential Financial Impact**	**Risk Mitigation Measures**
Acute	Increase in the number, frequency and severeness of extreme weather events such as hurricanes, heavy winds, extreme heat waves, torrential downpours, wildfires, etc.		●	●	- Surge in fuel consumption due to weather changes and increased heating and cooling needs. - Increased operating costs due to operational disruptions, land infrastructure disruptions and insurance costs. - Loss of revenue due to additional flight interruptions, associated mitigation measures and passenger compensation costs. - Reduced number of flights to destinations chronically affected by climate change. Our destinations in the south and the Caribbean are especially at risk. - Decrease in customer demand and shorter operating seasons.	- Monitoring of weather events via our Control Centre. - Hurricane season preparation procedures as part of our emergency management, contingency planning, customer support and airport physical risk assessment processes. - Consideration of extreme weather events in seasonal programming and airport assessments.
Chronic	Gradual changes in ecosystems such as rising sea levels, droughts, water stress, biodiversity loss, etc.			●	Changes in revenue from different route networks or different flight frequencies. - Higher airport fees resulting from damage to airport infrastructure. - The financial impact depends on multiple factors and is difficult to quantify, but we estimate it to be low in the short and medium term.	- Consideration of chronic climate risks when evaluating new aircraft and engines, and during programming and flight planning. - Use of climate scenario analyses to assess risks related to airport infrastructure serviced by Transat.

Figure 5: Climate-related opportunities

Likelihood: None ○ Low ◔ Moderate ● High ●

Type	Short-Term	Medium-Term	Long-Term	Potential Financial Impact	Realization Strategy
Resource Use Efficiency	◔	◔	●	- Reduce fuel costs by modernizing our fleet with more fuel-efficient aircraft.	- Continue our fleet renewal strategy to replace older generation aircraft with highly fuel-efficient modern aircraft. - Continue to improve and perfect the fuel management program and optimize occupancy rates.
Energy Sources	○	●	●	- Increase the supply of sustainable aviation fuel to reduce exposure to climate-specific regulatory requirements.	- Conclusion of an offtake agreement with SAF+ for synthetic fuel produced at its new plant during the first 15 years of operation. - Continue engaging with stakeholders to encourage the development of a Canadian SAF industry.
Products and Services	○	◔	◔	- Develop and promote low-emission services.	- In partnership with TGV INOUI, continue offering customers the opportunity to combine their flight with a train ride to one of 18 cities in France and Belgium. - Explore the possibility of making a CO_2 offsetting program available to passengers.
Resilience	○	◔	●	- Mitigate physical climate risks associated with our operations and assets.	- Incorporate expected impacts of climate change into business continuity and contingency plans.

4. Climate-related metrics

According to the GHG Protocol, greenhouse gas emissions fall into three major categories:

Scope 1: Direct emissions (e.g., fuel consumption, indoor heating).

Scope 2: Indirect emissions associated with the purchase of electricity

Scope 3: Indirect emissions (not included in Scope 2) that occur within our value chain. These indirect emissions are mainly associated with the purchase of goods and services, transportation of passengers to and from the airport, ground support and baggage handling equipment supplied by subcontractors, employee commuting and business travel.

For the calendar year 2022, the GHG emissions inventory covers Scope 1 and 2 emissions. GHG emissions from energy consumption (Scope 1 and 2) are calculated by applying emission factors specific to each type of energy. The global warming potentials (GWP) of greenhouse gases included in our calculations are based on the Fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC).

Although we have implemented initiatives to reduce Scope 3 emissions (decreased employee travel, online meetings, etc.), we currently do not report these emissions, as the calculation process is complex and time-consuming. We will work on calculating these emissions and assessing their relative significance in the future.

It should be noted that 94.9% of total emissions mentioned in this report have been verified by an independent third party (Verifavia). These include all international flight emissions subject to the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).

Our climate-related performance, risk and opportunity management practices are based on monitoring metrics, and the key metrics we use are summarized below.

Figure 6: Overview of climate-related metrics

GHG EMISSIONS	UNIT	2022	2021	2020	2019
Scope 1 emissions	$t CO_2$				
International flights	$t CO_2$	1,006,369	107,671	Not determined	Not determined
Domestic flights	$t CO_2$	51,645	15,689	Not determined	Not determined
Total – Aviation fuel	$t CO_2$	*1,058,015*	*123,360*	*407,441*	*1,586,538*
Buildings	$t CO_2$	1,589	1,363	1,502	2,056
Vehicles	$t CO_2$	1,083	749	703	1,031
Total – Other	$t CO_2$	*2,671*	*2,113*	*2,205*	*3,088*
Total Scope 1	$t CO_2$	**1,060,686**	**125,473**	**409,645**	**1,589,626**
Scope 2 emissions					
Buildings	$t CO_2e$	194	195	294	332
Total Scope 2	**$t CO_2e$**	**194**	**195**	**294**	**332**
Total Scope 1 and Scope 2 emissions		**1,060,880**	**125,668**	**409,939**	**1,589,957**

CARBON INTENSITY	UNIT	2022	2021	2020	2019
Fuel consumption per passenger (PAX)	L/PAX/100 km	2,93	3,13	3,20	2,89
CO_2 emissions per passenger (PAX)	kg CO_2/PAX/100 km	7,41	7,91	8,09	7,31

OTHER EMISSIONS	UNIT	2022	2021	2020	2019
SOx	t	6688	822	2716	10577
NOx	t	92	11	37	145
CH_4	t	872	107	354	1379

ENERGY	UNIT	2022	2021	2020	2019
Aviation fuel	GJ	14,044,571	1,727,040	5,704,179	22,211,533
Natural gas	GJ	32,155	27,573	30,395	41,625
Electricity	GJ	37,477	47,460	51,132	53,358
Gasoline	GJ	15,384	10,883	10,012	14,688
Total energy consumed	**GJ**	**14 129 587**	**1 812 955**	**5 795 718**	**22,321,204**

t CO_2 e: Tonne of CO_2 equivalent, a unit that allows us to consider different GHGs from the same standpoint, as they do not all have the same global warming potential.

ND: For 2019 and 2020, Scope 1 emissions were not differentiated by flight type.

Figure 7: Comments regarding metrics

METRIC	DESCRIPTION	COMMENTS
Scope 1 emissions	Direct emissions associated with aviation fuel consumption and fossil fuel use within our vehicle fleet, as well as natural gas consumption for heating some of our buildings. Our calculations do not include our travel agencies, which are mostly franchised, or fleet vehicles operated by our destination service providers. We are working to incorporate these emissions into future reports.	Aviation fuel consumption accounts for over 99.7% of our emissions, and 95% of these emissions come from our international flights. The year 2022 represents a period of recovery, and emissions from that year were 33% below 2019 levels. It is expected that 2023 emissions will be closer to pre-pandemic levels.
Scope 2 emissions	These indirect emissions are associated with electricity consumption in the buildings we own or use. The emission factors used in the calculations are location-based and specific to the area where the electricity is purchased.	These emissions account for less than 0.2% of our total emissions. For the moment, data is not available for all our buildings, as some are rental properties, but we are working toward adding this data to future reports.
Carbon intensity	For the purposes of this report, carbon intensity is expressed in kilograms of CO_2 per revenue passenger-kilometre—a common metric in the air travel industry. The number of revenue passenger-kilometres is calculated by multiplying the number of paying passengers by the total distance travelled.	The 6.4% decrease in carbon intensity observed in 2022 in comparison to 2021 is due to the return to previous passenger load factors. Although average load factors were lower than in 2019, they continue to improve with the revival of the travel industry. Maximizing occupancy rates is an integral part of our strategy, and our emphasis is on optimizing programming and standardizing revenue management tools.

Appendix: description of climate legislation and regulations

Canada's *Greenhouse Gas Pollution Pricing Act*

To honour its Paris Agreement commitments, the Canadian government has established a minimum carbon price under the *Greenhouse Gas Pollution Pricing Act*. The minimum federal price started at $20 per tonne of CO_2 equivalent in 2019. It went up to $40 in 2021, then to $50 in 2022, and is set to increase by $15 annually to reach $170 in 2030. It should be noted that this Act only applies to domestic flights. Some provinces, including British Columbia, have already started charging tax on fuel for intra-provincial flights. Since Air Transat hardly operates any intra-provincial flights, the Act will have no significant economic impact on the organization. In Canada's Aviation Climate Action Plan, the federal government recognizes the need for further efforts to establish a consistent policy governing emissions from interprovincial flights. In the future, the Canadian government could decide to implement an emissions trading scheme for domestic flights, which would impact our costs.

The Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA)

Under CORSIA, airline companies must offset any increase in emissions over the applicable baseline year levels by purchasing offset credits or using sustainable biofuels. Airlines will begin to fulfill their obligations under CORSIA once the air travel industry as a whole reaches and surpasses its 2019 emission levels. Due to the decrease in flights caused by the pandemic, Transat does not foresee an obligation to purchase offsets for the first years of the scheme. However, it should be noted that the costs associated with this obligation will depend on participating countries, growth on qualified city pairs, and the type of eligible carbon offsets. Should this regulation change, the Company may have to bear additional costs arising from any amendments.

The EU Emissions Trading Scheme (EU ETS) and UK Emissions Trading Scheme (UK ETS)

The EU ETS only covers intra-EU flights, and its UK counterpart only covers domestic flights in the UK. These schemes require airlines to monitor, verify and report emissions from the flights that are subject to them. At the present time, costs associated with these schemes are not significant for Air Transat, as they only represent a small percentage of all its connections. However, as part of the Green Deal, the EU published the "Fit for 55" package with the goal of achieving a 55% reduction in emissions by 2030 compared to 2005 levels. This package is a set of proposals to revise and update EU regulation and to put in place new initiatives with the aim of ensuring that EU policies are in line with the climate goals set by the Council and the European Parliament. These proposals are currently under review by the EU. Should they be implemented in their present form, they would greatly impact Air Transat's operations, as they would cause a significant increase in operating costs and potentially reduce the demand for European flights.

Clean Fuel Regulations

The *Clean Fuel Regulations* are an important part of Canada's climate plan to reduce emissions, accelerate the use of clean technologies and fuels, and support long-term sustainable jobs in a diversified economy. The version of the regulations published on July 6, 2022, excludes aviation fuel.

The European Union's "Fit for 55" package includes the proposal for a ReFuelEU aviation regulation to increase the production and use of sustainable aviation fuel in Europe in the coming years. This would pose a significant challenge because SAF is largely unavailable for the aviation industry and significantly more expensive than conventional fuel.

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transat.com

Head Office

Transat A.T. inc.

Place du Parc
300 Léo-Pariseau St.
Suite 600
Montreal, Quebec
H2X 4C2

Telephone: 1.514.987.1660

Fax: 1.514.987.8035

transat.com
info@transat.com