



2023 SUPPLEMENT

# Climate-related Disclosure Report

In accordance with the Task Force on Climate-related  
Financial Disclosures (TCFD) recommendations





# Message from the President and Chief Executive Officer

In 2023, we reduced our Scope 1 and 2 emissions by 7% compared to 2019. This is in large part due to our strong operational performance during the year. Not surprisingly, given that this was the first full year of operation in the past four years, greenhouse gas emissions arising from our aviation activities were higher than in 2022.

As things returned to normal for Transat, we were able to shift our focus back to working toward achieving net-zero carbon emissions by 2050. However, some new hurdles emerged along the way. Our efforts to modernize our fleet, one of the levers in our decarbonization plan, were undermined by circumstances beyond our control. Like many carriers, Transat has had to contend with problems in the Pratt & Whitney engines powering our A321LR planes. The resulting lengthy maintenance work on the engines and the high numbers of grounded aircraft left us with little choice but to lease less eco-efficient aircraft to compensate.

Against a backdrop of supply chain disruptions, the aviation industry is finding it difficult to restore the stability and predictability essential to making meaningful progress toward net-zero. Meanwhile, efforts have stalled to produce sustainable aviation fuel (SAF) in Canada. Despite the emergence of some initiatives in this regard, authorities have been slow to develop incentive programs to support SAF deployment.



**Annick Guérard**  
President and Chief Executive Office  
Transat

During the year, we worked with a specialized consulting firm to conduct a climate scenario analysis. This is an important tool for a leisure-focused airline like Transat specializing in southern and European destinations. It helps us proactively assess climate risks and financial impacts based on substantiated assumptions about global GHG emissions trajectories. As a result, we can plan ahead for the medium and long term, strike a responsible balance in our efforts to decarbonize and adapt to climate change, and chart out our strategic investments going forward.

The climate and environmental challenges we face are providing us with some serious food for thought on many levels. We remain committed to addressing these issues with diligence and purpose.



# About the 2023 Supplement

This supplement, which has been prepared per the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD)<sup>1</sup>, is a summary of what has been done since we issued our 2022 Climate-Related Disclosure Report. It should therefore be read in conjunction with the latter. There have been no changes in the governance structure in place to manage environmental, social and governance issues, or in the climate goals, decarbonization levers and other measures outlined in our climate strategy. Similarly, the risks associated with transitioning to a lower-carbon economy have remained the same.

The 2023 supplement provides an update on the physical risks stemming from climate change, based on the findings of a climate scenario analysis conducted during the year. It also presents a recap of the targets we have set and the pathway that will lead us toward net-zero. These were first published in our 2022-2023 Corporate Responsibility Report, which provides more complete details about our sustainability strategy.

The quantitative data in this supplement covers the period from January 1 to December 31, 2023, except the figures in the section on carbon intensity, which are calculated on a fiscal year basis (November 1, 2022, to October 31, 2023).

## Our priorities in 2023

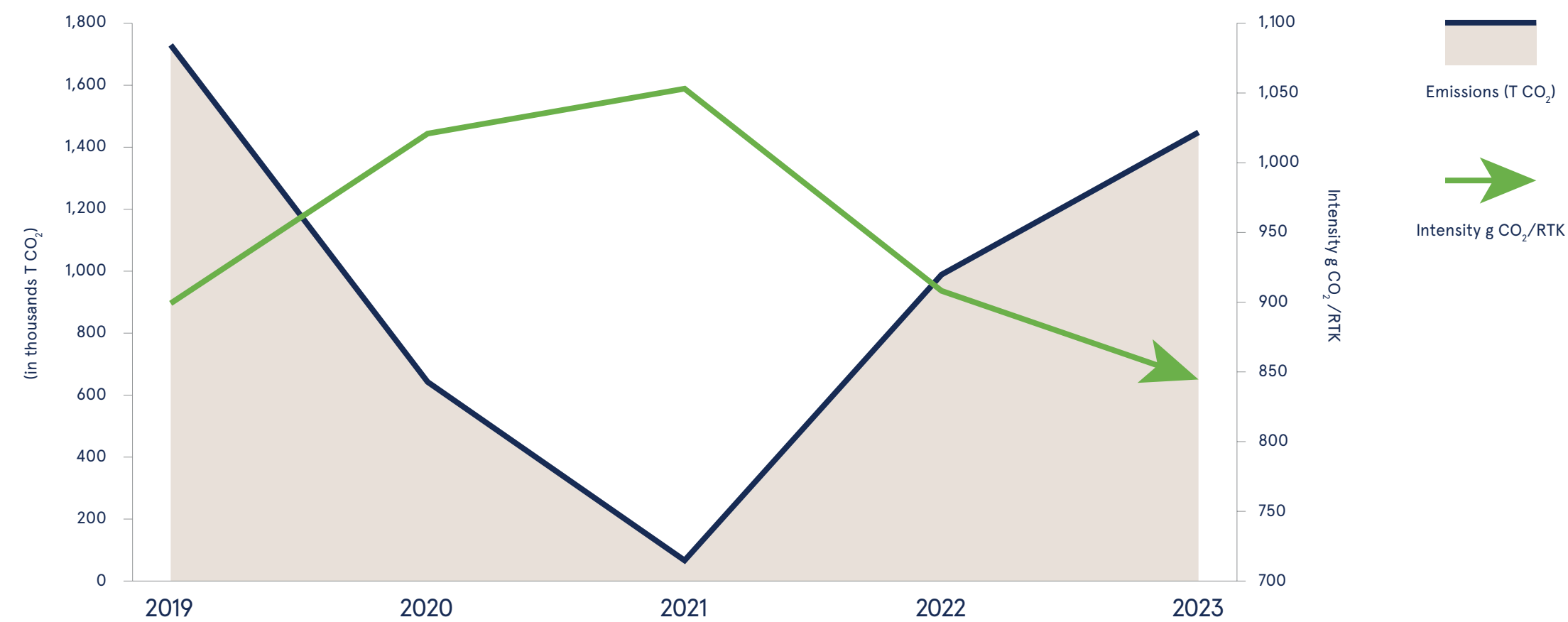
- Optimize fuel consumption
- Analyze physical risks based on climate scenarios (SSP2-4.5 and SPP5-8.5)

<sup>1</sup> Despite the TCFD's dissolution on December 15, 2023, their recommendations remain relevant and core to the Canadian Sustainability Reporting Standards Board's work on the roll-out of IFRS S1 and S2.

## Climate-Related Metrics

GHG EMISSIONS	Unit	2023	2022	2019 <sup>2</sup>
<b>SCOPE 1 EMISSIONS</b>				
International flights (CORSA) <sup>3</sup>	T CO <sub>2</sub>	1,428,740	1,006,369	N/A
Domestic flights	T CO <sub>2</sub>	46,796	51,646	N/A
<b>Total Scope 1 – Aviation fuel</b>	<b>T CO<sub>2</sub></b>	<b>1,475,535</b>	<b>1,058,015</b>	<b>1,586,538</b>
Buildings and hangars	T CO <sub>2</sub>	1,591	1,589	2,056
Ground Vehicles	T CO <sub>2</sub>	1,302	1,083	1,031
<b>Total Scope 1 – Other</b>	<b>T CO<sub>2</sub></b>	<b>2,893</b>	<b>2,671</b>	<b>3,088</b>
<b>SCOPE 2 EMISSIONS</b>				
Other and hangars	T CO <sub>2</sub>	152	194	332
<b>Total Scope 2 – Other</b>	<b>T CO<sub>2</sub></b>	<b>152</b>	<b>194</b>	<b>332</b>
<b>TOTAL SCOPE 1 &amp; 2 EMISSIONS</b>	<b>T CO<sub>2</sub></b>	<b>1,478,581</b>	<b>1,060,880</b>	<b>1,589,958</b>

## Carbon Intensity



<sup>2</sup> Baseline year

<sup>3</sup> International flight emissions subject to the CORSIA have been verified by an independent third party (Verifavia).

# Our Targets for 2023

To guide us in our efforts, we have developed an ambitious decarbonization plan that aims to achieve net-zero carbon emissions by 2050. This objective is consistent with the goals of Canada’s Aviation Climate Action Plan 2022–2030 and is aligned with the ever-increasing expectations of our stakeholders, employees and customers.

We have set ourselves two targets for 2030:

Reduce our net emissions by 24% of CO<sub>2</sub> per revenue tonne-kilometre (RTK) by 2030, as compared with 2019

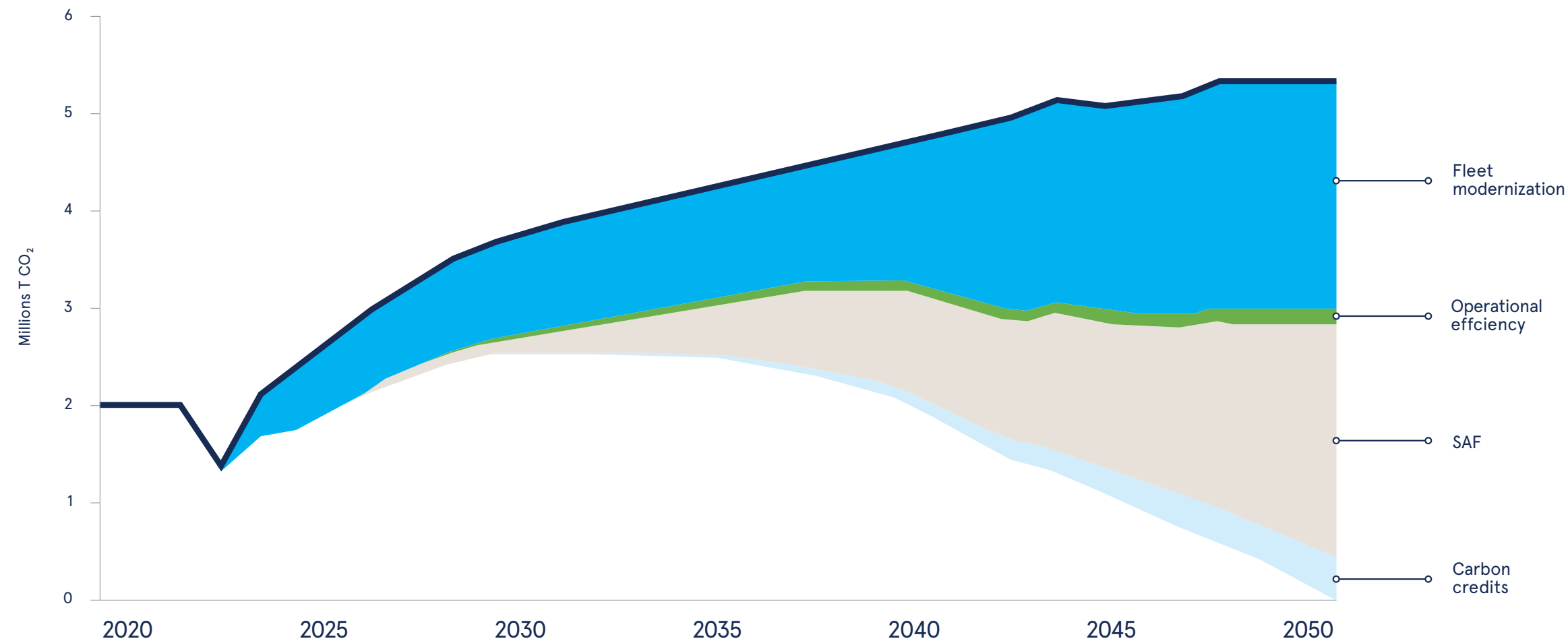
Use sustainable aviation fuel for 10% of our total fuel consumption

## Sustainable aviation fuel (SAF): A key lever for achieving our net-zero target

We estimate that powering our flights with SAF could help reduce our absolute emissions by 45% between now and 2050. However, as it currently stands, SAF production is well below what is needed to reach this target, especially given the growing demand in commercial aviation to meet GHG reduction goals. According to IATA, to achieve the industry’s ambitious decarbonization targets by 2050, SAF production needs to be increased by 3,500 times what was produced in 2021. What’s more, over 50% of Transat’s aviation fuel uptake is in Canada, where SAF is not yet commercially produced. That is why a widespread and coordinated effort is required by all aviation stakeholders and governments, without which the ability to decarbonize the industry will be greatly undermined. This reality was the impetus behind our involvement in the creation of the Canadian Council for Sustainable Aviation Fuels (C-SAF) in 2023, as well as the publication of our roadmap aimed at setting up an SAF supply chain in Canada.

## Our Decarbonization Strategy

Our decarbonization strategy is built around four levers that will help us meet our target of net-zero emissions by 2050.



Levers	Fleet modernization	Operational efficiency	Sustainable aviation fuel	Carbon credits
Description	Replacing end-of-life aircraft with the most energy-efficient aircraft in their category.	Optimizing carbon efficiency through air and ground operations.	Purchasing SAF with the potential to reduce carbon emissions by 80%.	Purchasing high-quality carbon credits to offset residual emissions.
2050 decarbonization potential	<b>45%</b>	<b>2.6%</b>	<b>45%</b>	<b>7.4%</b>
Key initiatives	Transition to A321LR, next-generation aircraft that consume up to 15% less fuel.	Fuel management program established since 2004.	Involvement in the Canadian Council for Sustainable Aviation Fuels (C-SAF) roadmap and development of our SAF supply plan.	The quantity of carbon credits required will vary according to the availability of SAF.

## Launch of a Program for Our Customers

In September 2023, we launched the *Act on Your Carbon Footprint* program, allowing customers to calculate their travel-related GHG emissions and reduce them by contributing to climate projects. Developed in partnership with CHOOOSE, a leading climate-tech company, this voluntary program lets passengers offset the emissions associated with their travels and is intended as a complement to Transat's own decarbonization commitments.



## Climate-Related Risk Management

In our 2022 Climate-Related Disclosure Report, we identified climate scenario analysis as a potential solution for mitigating the chronic physical climate risks of Transat's operations. Our teams, working closely with a specialized consulting firm, proceeded during the year to conduct this analysis of the risks resulting from the physical impacts of climate change. We are committed to making Transat even more resilient and reducing the company's exposure to future climate-related risks by incorporating the findings of this analysis into our business strategy and, as relevant, adjusting our governance and risk management processes.

The main findings in terms of physical risks that were indicated in the climate scenario analysis are summarized in the next section of this report.

As for the risks involved in the transition to a lower-carbon economy and the associated mitigation measures, they remain unchanged from the 2022 report.



## Physical Risks: Summary of the Main Findings of the Climate Scenario Analysis

To understand the potential impact of climate-related physical risks on our business strategy, we carried out a climate scenario analysis focusing on the physical risks to which Transat is specifically exposed. This involved using the most recent model (Phase 6) of the Coupled Model Intercomparison Project (CMIP6), along with two scenarios, namely an “intermediate” emissions scenario (SSP2-4.5) and a “very high” emissions scenario (SSP5-8). Exposure to six climate hazards was evaluated over the near term (2030) and long term (2050). A summary of the main risks and potential impacts can be found below for both scenarios, with a focus on southern and European markets, the two main regions served by Transat.

Climate Events	Average Level of Exposure to Risk Scenarios SSP2-4.5 and SSP5-8.5				Potential Impacts on Infrastructure and Operations
	2030		2050		
	Sud	Europe	Sud	Europe	
Extreme heat					<ul style="list-style-type: none"> <li>• More frequent maintenance of aircraft and airport infrastructure</li> <li>• Lower market capacity</li> <li>• Higher air-conditioning costs</li> </ul>
Coastal flooding					<ul style="list-style-type: none"> <li>• Flight delays, diversions and cancellations</li> <li>• Longer operational downtime</li> <li>• Runway damage</li> </ul>
Cyclonic winds (including hurricanes)					<ul style="list-style-type: none"> <li>• Flight delays, diversions and cancellations</li> <li>• Airport closures</li> </ul>
Drought					<ul style="list-style-type: none"> <li>• Service disruptions (cooling, firefighting and sanitation systems)</li> </ul>
Extreme precipitation					<ul style="list-style-type: none"> <li>• Flight delays, diversions and cancellations</li> <li>• Aircraft damage</li> <li>• Runway damage</li> <li>• Additional fuel costs for rerouted flights</li> </ul>
River flooding					<ul style="list-style-type: none"> <li>• Flight delays, diversions and cancellations</li> <li>• Longer operational downtime</li> <li>• Runway damage</li> </ul>

SSP2-4.5 Low Moderate High / SSP5-8.5 Low Moderate High

## Potential Mitigation Measures for Physical Risks

As part of our regular operations at Transat, meteorological factors are continuously observed and assessed, and action is taken as required. These measures include:

- Ongoing monitoring of weather events via our Control Centre
- Incorporation of hurricane season preparation procedures into our emergency management, contingency planning, customer support and airport physical risk assessment processes
- Consideration of extreme weather events in seasonal programming and airport assessments
- Consideration of chronic climate risks when evaluating new aircraft and engines, and during programming and flight planning.

Additional medium-term mitigation measures that we sometimes employ include investments in air-conditioning systems, adjustments to flight schedules and procedures, improved cooperation with airports, ongoing implementation of our resilience and investment strategy with regard to our destinations (in collaboration with local airports and governments), investments in weather forecasting technologies and implementation of water-saving practices in our operations.

Longer-term mitigation measures that we are considering include market analyses (to study changes in customers’ preferred destinations), efforts to find alternative destinations and investments in artificial intelligence to better predict and manage service disruptions caused by extreme weather events.

<sup>4</sup> An SSPX-Y scenario is a projection of GHG emissions and associated warming. SSP2-4.5 and SSP5-8.5 respectively represent an increase in temperature of 2.7°C and 4.4°C compared to preindustrial levels.