SMBC AVIATION CAPITAL

Task-force on Climate-related Financial Disclosures

FOR THE YEAR ENDED 31 MARCH 2023

Setting standards on sustainability

The status that comes with being the world's second largest aircraft leasing company also brings with it a responsibility to act and take a leadership position in the decarbonisation of the industry.

ESG Review

I was delighted to take up the position of Chief Operations & Sustainability Officer at SMBC Aviation Capital in January 2023. This was a new role created within our business at C-level to ensure that the evolving and highly impactful area of Environmental, Social, and Corporate Governance ("ESG") remains at the heart of our strategy and operations over the coming years.

In addition to ESG, I am also responsible for other strategic and corporate affairs areas of our business who work together to play a key role in helping us position ourselves to take full advantage of the opportunities and manage the risks the rapidly evolving aviation industry will bring. For example, we anticipate that the decarbonisation of our industry will be by far its biggest challenge over the next 20 years. This is not only a challenge, but a great opportunity for us and our shareholders to play a positive role in the future of this industry by investing in decarbonisation initiatives such as financing the research and development of Sustainable Aviation Fuel ("SAF") amongst others. We are uniquely positioned to do this and have key advantages over our peers due to our shareholder's expertise and aspirations in green energy, as well as our long-term and well-established airline and investor customer relationships.

As a business, we realise that ESG is an important pathway for our industry and are committed to all aspects of this, including CSR (Corporate Social Responsibility) and EDI (Equality, Diversity and Inclusion). Orla Benson is leading this area for us internally, having taken up the position of Senior Vice President, ESG in January 2023.

DAVID SWAN
CHIEF OPERATIONS & SUSTAINABILITY OFFICER

The status that comes with being the world's second largest aircraft leasing company also brings with it a responsibility to act and take a leadership position in the decarbonisation of the aviation industry as well as the wider battle against climate change.

We take that responsibility very seriously and in December 2021, we launched an ESG strategy which sets out a clear roadmap for what we want to achieve in terms of our environmental and social impacts and our governance. This strategy, which is available on our website was developed following an independent stakeholder review and preparation of a materiality assessment to understand and prioritise our ESG issues. We have embedded this ESG strategy into our corporate strategy and, by extension, into everything that we do.

It details how we will manage and reduce our own carbon footprint, help our customers to decarbonise their fleets, and promote industry collaboration on climate issues. It also sets out how we will continue to have a positive social impact within the communities in which we operate and how we will continue to make progress on Equality, Diversity and Inclusion ("EDI"). In addition, it ensures that ESG is incorporated into our best practice corporate governance framework.

CARBON OFFSETTING

Recognising that aviation is currently one of the hardest to abate sectors, we are committed to delivering a range of practical initiatives to assist in the transition to a more sustainable aviation industry. SMBC Aviation Capital supports The International Civil Aviation Organization's ("ICAO") carbon offsetting and reduction scheme for international aviation ("CORSIA") as a near-term solution to the climate impact of the aviation industry. The scheme is designed to cap net emissions (emissions less offsets) for international flights at 85% of 2019 levels. To assist our customers to meet these obligations, we have committed to a 10-year carbon credit programme which involves entering into offtake agreements for carbon credits in a number of energy efficient cookstove projects across South-East Asia, Sub-Saharan Africa, and Central America.

We are also funding our own greenfield cookstove project in Burkina Faso in West Africa which will have deep social as well as environmental impacts. The project will supply 28,000 families with new cookstoves which use 50% less wood. These new stoves will reduce the harmful effects of open fire cooking, while also freeing up time for women and children to concentrate on other elements of their lives such as education.

Our involvement with these projects goes beyond financial support. Members of our team, including our Chief Operations & Sustainability Officer, have visited our projects to gain an understanding of what it means both to the people involved and to the environment. The knowledge gained from these visits and other interactions will assist us in our future actions.

A SUITE OF INITIATIVES

Carbon credits represent just one of our efforts. We are also determined to support the more widespread adoption of SAF and in particular future innovations that will help scale up production and increase supply in the coming years. These fuels can be used to power existing aircraft without extensive modifications resulting in the reduction of net carbon emissions. It is hoped by many airlines that they can reach 10% SAF usage by 2030. However, SAF is still in its infancy, costly to produce and current supply meets less than one per cent of global aviation demand, so significant scaling up of production is required.

Developing practical solutions to help accelerate SAF adoption is just one area of focus of our innovation hub, The Nest. The team are building knowledge and forging partnerships which will accelerate the development of new technologies and products to accelerate decarbonisation in our industry.

We are also fortunate to have supportive shareholders who are committed to investing in the evolving green energy space. Working together, we believe we can achieve our ambitions in this area.

In addition, our new headquarters at 28 Fitzwilliam in Dublin has been designed to be as sustainable as possible and we are seeking a LEED 4.1 sustainable building standard rating.

COLLABORATION

Collaboration is key to meeting both our own and the aviation industry's climate goals and we are committed to working with OEMs, airline customers and other leasing companies to achieve these goals.

To that end, we have signed up to the Aviation Leasing Ireland ("ALI") Sustainability Charter which aims to establish a framework for assessing and disclosing sustainability alignment for leasing portfolios and to provide actionable guidance on how to achieve GHG reduction ambitions.

The Charter was launched at ALI's first Global Aviation Sustainability Day in October 2022. The second ALI Global Aviation Sustainability Day took place in November this year. The event brings airlines, SAF producers, regulators, leasing companies, OEMs, and other players together to discuss how the industry can work together to meet the shared challenges facing us and opportunities which will arise in the future.

EDI

We have made conscious decisions to put equality, diversity and inclusion ("EDI") at our core and this led to the foundation of our Mosaic committee in 2019, which promotes diversity and inclusion at all levels of our business. By joining the IATA 25by2025 initiative, we have committed to increasing female representation in senior roles in the company and in areas where women have been traditionally under-represented.

Our business has evolved greatly and for the better in terms of diversity metrics over the years. In 2012, we had 20% female representation at both our Heads of Function and Executive Team levels. Today, these concerted efforts have yielded a noticeable impact in our diversity statistics, our Heads of Function and Executive Teams now have 40% female representation. Our graduate recruitment numbers have also been transformed rising from 100% male in 2015 to 80% female today.

In April 2023, we took part in the inaugural IATA virtual datathon which aimed to stimulate the development of data-based solutions to help encourage a more diverse workforce across the aviation industry. Our team won the overall competition by proving that having more women involved in an airline's senior management resulted in more tangible ESG policies for airlines which in turn could have a positive impact on performance. In addition, we are the recipients of the inaugural ISTAT DEI award which is further testament to the progress we have made.

Overall, the last year has been a very positive one for SMBC Aviation Capital in terms of progress on ESG. We have much more to do and much more to learn. We are looking forward to achieving further milestones during what is going to be a very interesting period for us in the coming years.

ORLA BENSON
SENIOR VICE PRESIDENT, ESG

PICTURED: MYLÈNE SCHOLNICK (CHAIR OF THE ISTAT DEI COMMITTEE AND HEAD OF FLEET TRANSACTIONS AND MANAGEMENT AT AMAZON) IS PICTURED WITH GILLIAN COONEY (HEAD OF HR, SMBC AVIATION CAPITAL) AND PETER BARRETT (CEO, SMBC AVIATION CAPITAL) AT ISTAT EMEA IN LONDON ON 3 OCTOBER 2023

In line with our strategic ambition to be the industry leader in ESG, and in preparation for future reporting obligations under the Corporate Sustainability Reporting Directive ("CSRD"), we are making a voluntarily disclosure under the Task-force on Climate-related Financial Disclosures ("TCFD") for the first time in respect of the year ended 31 March 2023.

The aim of the TCFD framework is to improve and increase the reporting of climate-related financial information.

The TCFD recommends climate-related disclosures under four thematic areas:

- **Governance;**
- **Strategy;**
- **Risk Management; and**
- **Metrics & Targets.**

Governance

BOARD DURING YEAR ENDED 31 MARCH 2023

The Board of Directors is composed of 13 members (see page 18 of the Annual Report for the current Board composition). ESG matters including the potential impacts of climate change, were included as an agenda item for Board meetings and Director briefings during the year ended 31 March 2023. For example, in advance of year end, the Board of Directors was updated on the key strategy and direction across the environment pillar, the status of targets in our ESG 'Roadmap to 2050' (See our ESG Strategy for further details), and the investment in our carbon credit projects. These updates also considered proposals around TCFD reporting.

BACKGROUND TO THE MANAGEMENT OF ESG MATTERS PRIOR TO DECEMBER 2023

In 2019, an ESG Working Group was established, the scope of which included climate-related issues. This Group was composed of nine individuals from various functional areas in the business and was split into three work streams; internal, operational, and education. The ESG Working Group was also responsible for the development of ESG initiatives, including raising awareness and encouraging engagement with all aspects of ESG throughout our business.

This was supported by The Nest, our innovation hub, which working alongside the ESG Working Group, was responsible for developing our ESG strategy, recognising the importance of ESG to our future and to new potential sources of revenue.

In December 2021, our executive management team, approved our ESG Strategy (2022-2023) which included a focus on climate issues and decarbonisation.

An element of this strategy was to seek decarbonisation opportunities for our customers and in March 2022 the Board of Directors approved our investment into carbon credits. (see page 4 for further details on our carbon credits programmes).

In January 2023, a new Chief Operations and Sustainability Officer ("COSO ") role, which reports into the Chief Executive Officer ("CEO"), was established reflecting the importance of ESG and, in particular, climate change to our business. The COSO is a member of our Board of Directors and our executive management team and has overall responsibility for the implementation of the ESG Strategy and the development and delivery of ESG corporate objectives. We also appointed a Senior Vice President ("SVP") of ESG in January 2023. To reflect this new organisational structure and to support an increased focus by our business on ESG, including climate, a new governance structure was developed and implemented beginning in December 2023.

BOARD OF DIRECTORS AND ESG COMMITTEE

The Board continues to be responsible for the ESG Strategy and the overall oversight of its development and implementation in our business. To reflect the importance of ESG in all aspects of our business, and to ensure it is a consistent priority, the Board established the ESG Committee as a sub-committee in December 2023. The ESG Committee consists of six Directors. It will have regular meetings each year and will monitor and manage all aspects of the ESG Strategy, its implementation, effectiveness, prioritisation and deliverables in our business. The ESG Committee will monitor ESG compliance and oversee all internal and external ESG reporting by our business.

The ESG Committee is responsible for providing the Board of Directors with an update on all ESG matters, including climate change and ensures that this is integral to our corporate strategy and culture.

ESG OPERATIONAL GROUP

This is a core group (which is an evolution of the prior ESG Working Group) and was created in December 2023. This Group is responsible for implementing the ESG Strategy adopted by the Board and making recommendations to the ESG Committee on developing the strategy to reflect the rapidly evolving ESG environment.

The Group initiates and oversees projects related to ESG matters, including climate-related issues, within the business and reports on progress to the ESG Committee. It is also responsible for ensuring that we are in full compliance with all ESG regulatory and reporting obligations.

It is made up of a core team being SVP ESG, Head of Finance and Head of Human Resources The Heads of other teams such as Heads of Strategic Market & Analysis, Procurement and Portfolio Risk Management, will be requested to join as required. The ESG Operational Group has a standing meeting every second month and will also meet as needed in the context of any project.

A responsibility of the ESG Operational Group is to oversee, manage and advise Work Groups composed of members from relevant areas of the business, tasked with implementing specific ESG related projects, including those related to climate change, as required.

ESG AWARENESS

To further expand the knowledge level surrounding ESG and specifically climate-related issues across SMBC Aviation Capital, we plan to launch a company-wide ESG training program, which will include a focus on climate, before the end of 2023. The training program will consist of a set of modules based on the Aircraft Leasing Ireland (“ALI”) Sustainability Charter, of which we are a signatory.

The ESG Committee will receive ongoing internal and external briefings and updates as it deems necessary or appropriate.

ESG governance structure

Strategy

We recognise that aviation finance must play a leading role in helping airlines achieve their sustainability targets. We are actively considering pathways to ensure that our net zero ambitions align with the goals of the Paris Agreement (See our ESG strategy and 'Roadmap to 2050' launched in December 2021).

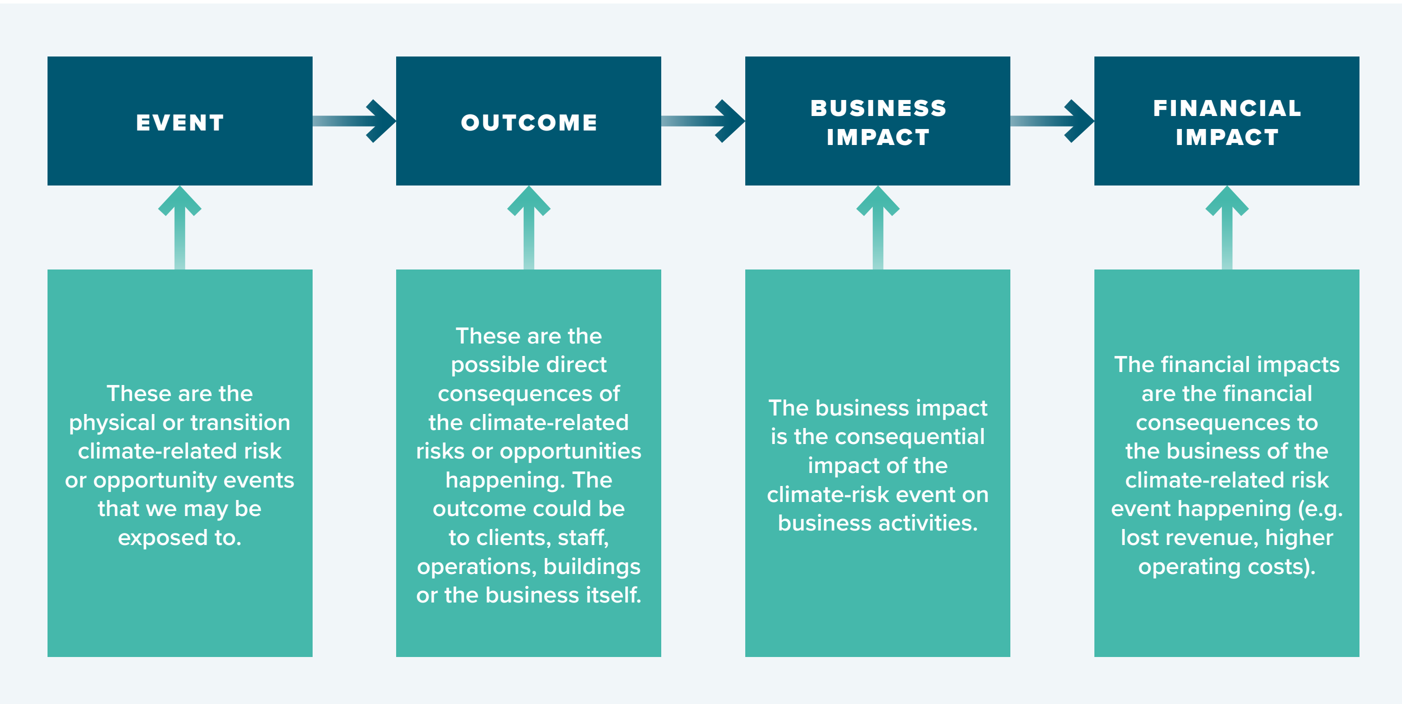
OUR APPROACH TO IDENTIFYING AND ASSESSING CLIMATE-RELATED RISKS AND OPPORTUNITIES

To identify the potential climate-related risks and opportunities ("CROs") facing SMBC Aviation Capital, we completed workshops involving a range of stakeholders within the organisation. Through this process, we identified a "long list" of CROs which we then assigned a specific impact level and likelihood. To assess the impact and the likelihood associated with each CRO, we considered climate-related risks to have the potential to impact our business over the short (2-5 years), medium (5-10 years), and long term (>10 years). As part of this process, we considered existing and emerging regulatory requirements related to climate change (e.g., limits on emissions) as well as other relevant factors, such as changing consumer demands.

Based on the results of this exercise, we prioritised four risks and five opportunities ("short list") for the completion of a high-level Impact Pathway analysis. This helped to identify the potential impacts of these CROs on our business.

IMPACT PATHWAY APPROACH

We have used impact pathways in our scenario analysis, as illustrated below. This is the first step in preparing us for assessing the financial impacts of climate change, which is an assessment we will consider undertaking in future periods. This approach displays the logical steps from event to financial impact, helping to identify the types of business impacts and develop a narrative, facilitating the development of calculation logic which underpins our scenario analysis.



SCENARIO ANALYSIS

In May 2023, we conducted a qualitative scenario analysis using two types of climate scenarios. Climate scenarios are used to demonstrate a range of pathways under possible emission trajectories over the remainder of the century, and the impact these could have on global temperature increases compared to pre-industrial levels.

The two climate scenarios for our qualitative scenario analysis are below.

The climate scenarios used are based on the guidance of The IPCC ("Intergovernmental Panel on Climate Change"), the IEA ("International Energy Agency") and the NGFS ("Network for Greening the Financial System") and are considered plausible, distinctive, consistent, relevant and challenging as per TCFD guidance.

The table on the next page shows how our CROs are projected to develop under certain climate scenarios, where this impact is likely to occur in our value chain and the expected time frame for this impact, as well as our management of these impacts.

CLIMATE SCENARIO 01

A scenario where global temperatures increase by 1.5°-2°C compared to pre-industrial levels. Under this scenario, the main risks for us will be financial lending restrictions, and carbon fuel price and taxation increases. However, there are also opportunities that can be leveraged under this scenario, such as increased access to Sustainable Aviation Fuel ("SAF") supply versus our peers and carbon credit supply (See CRO table on page 11-12 – transition risks and opportunities).

CLIMATE SCENARIO 02

A scenario where global temperatures increase by 4°C compared to pre-industrial levels. Under this scenario, we would be primarily exposed to the risks of aircraft manufacturer concentration (see CRO table on page 11 - physical risks).

Climate-related risks and impacts

RISKS	RISKS DESCRIPTION	POTENTIAL FINANCIAL IMPACTS	POTENTIAL VALUE CHAIN IMPACT	TIME HORIZON	ACTIONS AND METRICS (WHERE RELEVANT)
PHYSICAL RISKS					
CHRONIC					
Aircraft manufacturer concentration risk	Reliance on two aircraft manufacturers exposes the sector to climate related concentration risk with weather events more extreme than current infrastructure assets can withstand	Reduced earnings/ revenue Increased costs	Supply chain - High Operations - High Market - Medium	Long	– Ongoing collaboration with OEMs on mitigating risk at respective facilities
TRANSITION RISKS					
MARKET					
Financial lending restrictions	Introduction of restrictions on access to finance with finance availability linked to carbon footprint / ESG impact of activities	Reduced earnings/ revenue Increased costs	Operations - High Market - High	Short - Medium	– Seek opportunities for Sustainability-Linked Finance – Provide regular and transparent ESG disclosures to investors
ESG induced changes in consumer behaviour	Changing consumer trends and increased ESG awareness as consumers begin to consider the climate footprint of the products and services they use and purchase	Reduced earnings/ revenue	Operations - Medium Market - Medium	Short	– Focus on fleet composition to deliver up to 80% new technology fleet by 31 March 2026, focused on young efficient narrowbody aircraft
				Long	– Deliver on intention to invest in Sustainable Aviation Fuel ("SAF") and Next Generation Aircraft ("NGA"s)
POLICY AND LEGAL					
Climate regulation	Ambitious government climate targets, carbon pricing and taxes, increase decarbonisation pressures and costs for airlines	Reduced earnings/ revenue	Operations - Medium Market - Medium	Short - Medium	– Emphasise value of new technology fleet – Deliver on intention to invest in SAF to assist customers with their decarbonisation commitments

Climate-related opportunities and impacts

OPPORTUNITIES	OPPORTUNITIES DESCRIPTION	POTENTIAL FINANCIAL IMPACTS	POTENTIAL VALUE CHAIN IMPACT	TIME HORIZON	ACTIONS AND METRICS (WHERE RELEVANT)
OPPORTUNITIES					
MARKET					
Access to increased earnings	Increased earnings potential from market leading aircraft portfolio aligned to support airlines' decarbonisation / energy efficiency ambitions	Increased ability of fixed assets to retain value Increased earnings/ revenue	Operations - High Market - High	Short	– Focus on fleet composition to deliver up to 80% new technology fleet by 31 March 2026, focused on young efficient narrowbody aircraft
				Long	– Leverage strong OEM relationships to enter into purchase agreements on NGAs
Access to finance and/ or preferential interest rates	Preferential access to finance and/or cost of capital for lessors with – Net Zero compatible fleets – decarbonisation focused fleet investment strategies (NGAs / new technologies) – engaging in decarbonisation activities	Increased earnings/ revenue	Operations - High Market - High	Short - Medium	
Sustainable Aviation Fuel (SAF) Supply	Access to SAF supplies at a faster rate and potentially lower cost due to our Shareholders' ability to scale in this area	Increased earnings/ revenue Reduced costs	Supply chain - Medium Operations - Medium Market - Medium	Medium - Long	– Actively explore Shareholder and market collaboration opportunities around SAF
Carbon Credit Supply	Development of carbon credit portfolio provides new market opportunities as airline sector seeks to meet offsetting requirements	Increased earnings/ revenue	Operations - Medium Market - Medium	Short - Medium	– Continue to leverage opportunities with airlines and other customers
PRODUCTS AND SERVICES					
Increased customer (airlines / consumers) demand for improved environmental impact of aircraft	Increased customer demand (airline / consumer) for improved environmental impact of aircraft as customers become increasingly ESG conscious.	Increased earnings/ revenue	Operations - Medium Supply chain - Medium	Short	– Focus on fleet composition to deliver up to 80% new technology fleet by 31 March 2026, focused on young efficient narrowbody aircraft
				Long	– Leverage strong OEM relationships to enter into purchase agreements on NGAs

Risk Management

One of our core business objectives is to pro-actively manage risk. In that regard, we continually look to identify, consider, manage and mitigate risk across all parts of our business. We do this with the support and oversight of our senior management and shareholders.

Our risk management practices encompass a number of teams within the business, including the Portfolio and Risk Management team, the Treasury team, and the Legal and Compliance team. Each of these teams assess relevant risks in a manner tailored to the underlying subject matter. As we focus on a more uniform risk management approach, our intention is to further embed consideration of CROs as part of our risk management process.

PROCESS TO IDENTIFY AND ASSESS CROS

In May 2023, we agreed upon a process for identifying and assessing our climate-related risks and opportunities ("CROs") which is described in the Strategy section (see pages 9 -10). To understand the impact and likelihood of CROs, we considered three factors:

1. A risk impact (with ratings from insignificant error to catastrophic);
2. An opportunity impact (with ratings from insignificant to major opportunity): and
3. Likelihood (with ratings from rare to almost unavoidable).

The output of this assessment was reviewed and approved by the Board of Directors in December 2023.

The resulting ratings facilitate prioritisation of our CROs and therefore impact on the manner in which we manage them (see pages 11-12 for the detailed CROs table). We will consider the need to update the climate risk assessments annually where required, including reassessing the expected time horizons.

PROCESS TO MANAGE CROS

Having identified our CROs in July 2023, along with mitigants and relevant metrics (see pages 11-12), our focus going forward will be around further embedding the management of these CROs into our Board and general management reporting. This will be supported by the ESG Committee who are responsible for ensuring that ESG, including climate, considerations are properly embedded within the strategic focus and supporting decision making processes of the organisation and that appropriate monitoring of CROs is completed.

As we look to evolve this process, we have a number of existing risk management processes which we can leverage, for example:

- Our Portfolio Risk Management team carries out annual reviews of each counterparty's credit risk including climate-related risk, as well as assessing their credit risk when certain trigger events occur.
- We conduct a 'Quarterly Market Review' where our company is informed and updated on emerging risks and opportunities in the airline and aircraft leasing market, which includes climate risks and opportunities, when relevant.
- We consider ESG risks as part of our process when making investment decisions on new aircraft acquisitions. Specifically, our Strategic Market & Analysis team considers the risk that ESG matters may impose additional costs and expose us to new risks when making investments.

We recognise that work is needed in order to determine the relative significance of climate risks in relation to the other risks we monitor. Having invested time and resources into completing our analysis of CROs in July 2023, we will continue to integrate climate considerations into our risk management processes. By the end of 2023, we are planning to have ESG related elements in our risk analysis for all airlines as part of our due diligence process.

Metrics & Targets

We monitor our Scope 1,2 and 3 Greenhouse Gas ("GHG") emissions. These are the key metrics we use to measure and manage our climate-related risks and opportunities in the company. Our long-term target is to have a net carbon zero value chain by 2050.

Meanwhile, we have set other metrics to help us manage the identified CROs, including continuing to leverage opportunities over the short term to transition to up to 80% new technology fleet by 31 March 2026, and investing in Sustainable Aviation Fuel ("SAF") and Next-Generation Aircraft ("NGAs") over the medium to long term.

We do not currently monitor other climate related risks covered in the TCFD recommendations such as water and waste, as we do not believe them to be material given the nature of our business.

GHG EMISSIONS

The following table displays our total carbon footprint for our operational emissions in the current financial year ended 31 March 2023 and for our three previous reporting periods in tonnes of CO2 equivalent ("tCO2e").

Our base year for our GHG emissions is the year ended 31 March 2020. Due to the lack of available data, we have not re-baselined this period to take account of our acquisition of Goshawk in December 2022. Goshawk's emission data is included in the table for the period post-acquisition from 21 December 2022 to 31 March 2023.

Operational Emissions

	YEAR ENDED 31 MARCH			
tCO2e	**2020**	**2021**	**2022**	**2023[4]**
Scope 1[1]	856	370	845	885
Scope 2[2]	36	41	38	118
Scope 3 – operational emissions[3]	6,241	1,642	2,957	4,054
Total emissions (scope 1, 2 and 3 (operational emissions))	**7,133**	**2,053**	**3,840**	**5,057**

Since 2019 we have offset all of our operational emissions (Scope 1, Scope 2 and Scope 3 - operational emissions) using high quality carbon credits.

1 The majority of our Scope 1 emissions relate to ferry flights.

2 Our Scope 2 emissions are from purchased electricity for our Dublin offices, and we have calculated our emissions using the Location Based Method. As all our electricity is via green tariffs, our Scope 2 entries would be zero under the Market Based Method.

3 Scope 3 - operational emissions include well-to-tank emissions[1] associated with ferry flight fuel and electricity, office supplies, business travel (flights, taxis, hotel accommodation), leased offices overseas (Amsterdam, Hong Kong, Miami, Atlanta and Singapore) and logistics.

4 Our operational emissions for the year ended 31 March 2023 were collated by Sustineo, a leading Irish provider of carbon management services. There may be immaterial inconsistencies with emissions in prior periods due to a change in provider.

(1) Well to tank emissions: All greenhouse gas emissions from the production, transportation, transformation and distribution of the fuel used to power the aircraft.

DOWNSTREAM LEASED ASSETS EMISSIONS

We note that there are inconsistencies in relation to the categorisation and measurement of emissions in our industry, primarily within Scope 1 and Scope 3 emissions. As there are currently no aviation relevant industry standards for the reporting of emissions data and in our efforts to be as transparent as possible, we have provided a further breakdown on the Scope 3 emissions of our owned downstream leased assets, accounting for well-to-tank and tank-to-wake in tonnes of CO2.

Downstream Leased Assets Emissions

tCO2	YEAR ENDED 31 MARCH 2023
Scope 3[2]	Owned Aircraft
Owned aircraft Total	**11,129,444**
Owned aircraft Well to Tank[3]	2,257,827
Owned aircraft Tank to Wake[4]	8,871,617

1 Our GHG emissions data is calculated in line with the GHG Protocol methodology.

2 In line with best practice, we have for the first time disclosed our Scope 3 emissions for the current reporting period for our downstream leased assets. See the CRO table in the strategy section which discusses our focus on narrowbody aircraft and upgrading the technology of the fleet. Our Scope 3 emissions relating to leased aircraft are estimated using PACE, a global software platform which is independently verified by an external party within 1% accuracy.

3 Well to tank emissions: All greenhouse gas emissions from the production, transportation, transformation and distribution of the fuel used to power the aircraft.

4 Tank to wake emissions: the emissions that result from burning or using a fuel once it is already in the tank of the aircraft.

5 While not provided in the table above, we could also estimate our non-CO2 effects by adding 70% (or using a multiplier of 1.7) to the downstream emissions associated with the combustion of Jet A1 kerosene. There is currently uncertainty over the magnitude of the other non-CO2 radiative forcing effects of aviation. The 1.7 multiplier is as per the UK Government's 2023 Greenhouse Gas Conversion Factors for Company Reporting / Methodology Paper for Conversion Factors / Final Report.

6 As the area of GHG emissions reporting is evolving, future emissions disclosure methodologies may be subject to refinement in due course.

We are committed to assisting our customers with reducing their operational emissions which in turn will reduce our Scope 3 emissions. However, emission reduction targets in the airline industry are heavily dependent on securing SAF. This is proving extremely challenging across the industry due to the limited supply of SAF. However, we continue to pursue active opportunities in procuring SAF and are working with our Shareholders' and a number of potential suppliers in this regard.

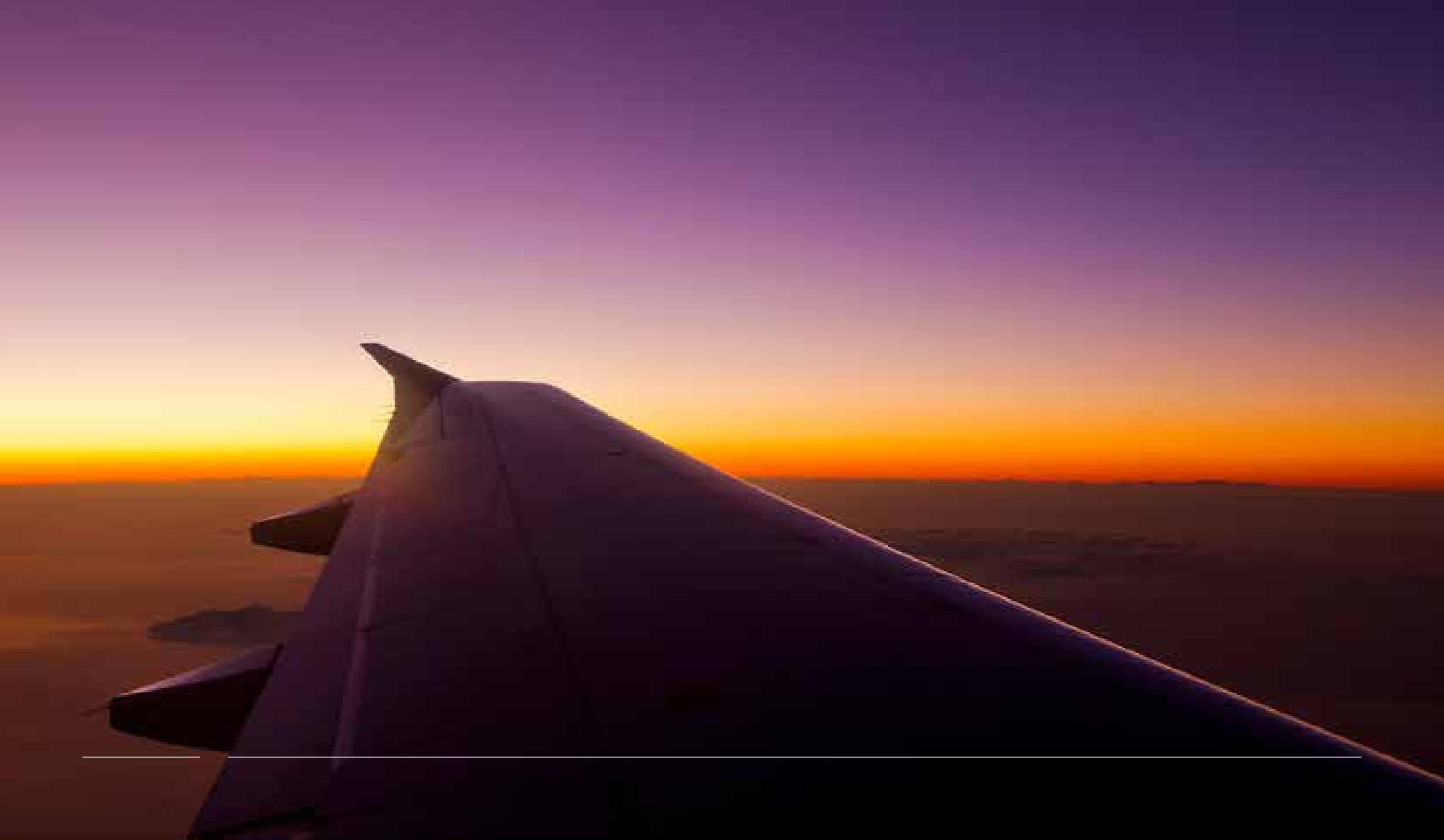
Our commitment to reducing our own carbon footprint is exemplified by our new headquarters in Dublin. The building is being finished to the exacting LEED Gold standard, providing world leading energy performance. As a step towards this goal, we introduced criteria for sustainable procurement into our procedures during 2023, post financial year end.

In September 2023, we closed our first sustainability-linked loan facility with Bank of Communications (Hong Kong) Limited. This unsecured bilateral facility incorporates sustainability-linked features and demonstrates SMBC Aviation Capital's ambition to be the leader in the industry on ESG initiatives.

Next Steps

Our first disclosure utilising the TCFD framework was completed on a voluntary basis. We believe that this not only demonstrates our commitment to playing our part to tackle climate change and ensure our business is resilient and prepared for both the risks and opportunities associated with climate change, but it also provides us with a very useful first step towards upcoming CSRD reporting. We acknowledge that more work needs to be done and intend to focus on:

1. Embedding the governance processes which will in turn further facilitate the consideration of ESG into our risk management processes as well as our strategic and operational decisions;
2. Furthering ESG awareness throughout the organisation through formal training;
3. Considering if further quantitative analysis of CROs would provide us with strategic value; and
4. Developing additional metrics and targets that are more tailored to the identified CROs.



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