SMBC AVIATION CAPITAL

Sustainability Report

FOR THE YEAR ENDED 31 MARCH 2024

Introduction

At SMBC Aviation Capital, we believe that every stakeholder in the aviation sector has a responsibility to make a meaningful contribution to the decarbonisation of the industry. And it is our intention to continue to take a leading role in doing precisely that.

Contained is this sustainability report are the details of our second voluntary disclosure under the Task Force on Climate-related financial disclosures ("TCFD") in respect of the year ended 31 March 2024 and which centre on four thematic areas:

– Governance
– Strategy
– Risk Management; and
– Metrics and Targets.

From assessing climate-related risks and opportunities, to the publication of our emissions and an outline of our approach to advocacy, we detail under each heading the actions we are taking to support our sustainability strategy and our efforts to integrate that strategy throughout the business.

Collaboration is key if we are to succeed as an industry in making meaningful progress on decarbonisation. It is only by embracing the sustainability challenge as a collective can all stakeholders in our industry ensure that the challenge we face is overcome.

From lessors to airlines, manufacturers to governments, researchers to regulators, we must all meet the challenge of reducing emissions in a way that maintains human interconnectivity and continues to support economic growth.

At SMBC Aviation Capital, Sustainable Aviation Fuel ("SAF") is one of the central pillars of our sustainability and advocacy strategies. We are privileged to have the Pre-screening Laboratory of the EU SAF Clearing House, which is managed by EASA and directed by Prof Stephen Dooley of Trinity College Dublin, located at our headquarters in Fitzwilliam 28, Dublin.

Our partnership with Trinity College Dublin, with whom we advocate on SAF research, availability, and affordability, is tangible evidence of our determination to securing a reduction in emissions and to creating common cause amongst all stakeholders in the process.

We are also fortunate to have the backing of our shareholders who are fully committed to the aviation decarbonisation agenda.

In conclusion, we know that aviation is a proven force for good in society, facilitating human connectivity and supporting economic growth. We also know that all stakeholders must play their part in seeking ways to reduce emissions, so that those benefits continued to be felt, in countries and communities across the globe. To that end, SMBC Aviation Capital will continue to play a leading role in making aviation more sustainable, in our words and our actions.

DAVID SWAN
CHIEF OPERATIONS & SUSTAINABILITY OFFICER

Governance

GOVERNANCE FRAMEWORK

In December 2023 our new ESG Governance framework was established and approved by the Board, which includes an ESG Committee, which is a subcommittee of the Board and an ESG Operational Group, both with related Terms of Reference. While the Board is responsible for the ESG Strategy and the oversight of its development and implementation in our business, the new ESG Governance framework reflects the focus we place on ESG in all aspects of our business.

BACKGROUND TO THE MANAGEMENT OF ESG MATTERS PRIOR TO DECEMBER 2023

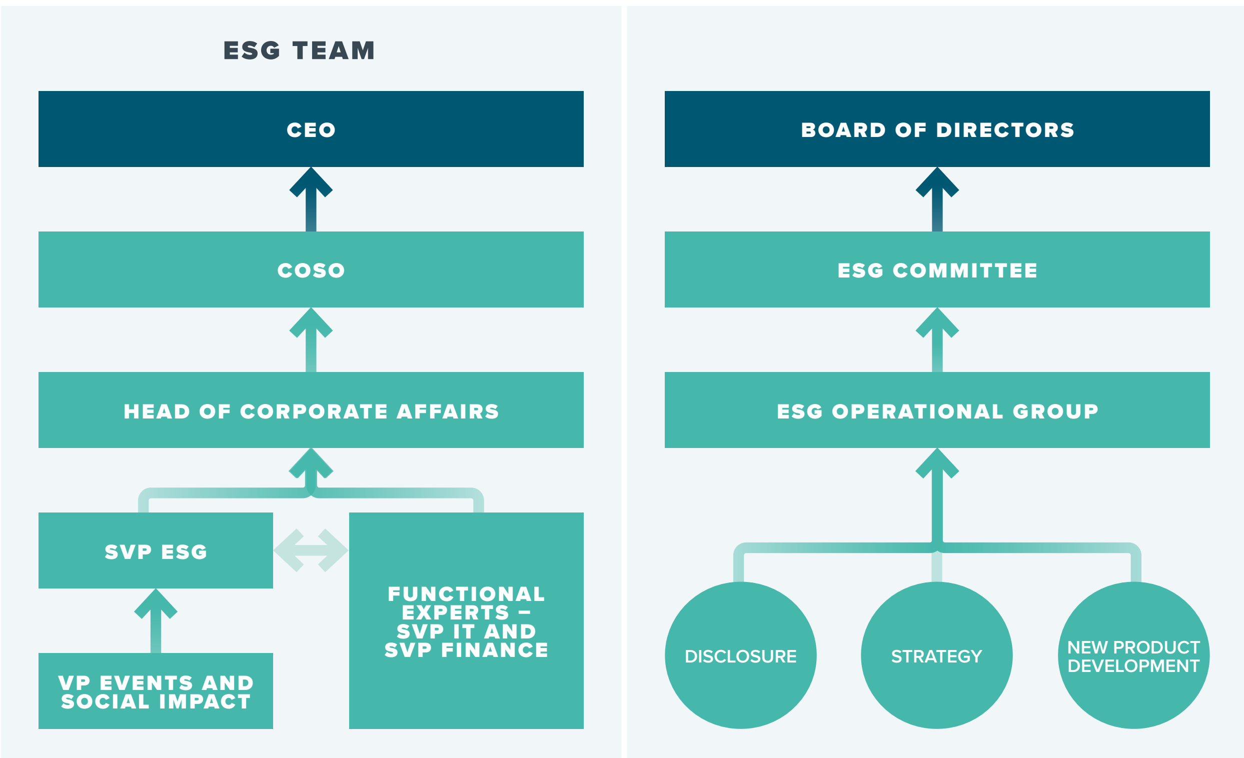
In 2019 an ESG Working Group was established, the scope of which included climate-related issues. This Group was composed of nine individuals from various functional areas in the business and was split into three work streams; internal, operational, and education. The ESG Working Group was also responsible 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 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. 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.

ESG COMMITTEE

The ESG Committee consists of six Directors and monitors and manages all aspects of the ESG Strategy, its implementation, effectiveness, prioritisation and deliverables in our business. The ESG Committee also monitors ESG compliance and oversees all internal and external ESG reporting by our business.

The inaugural ESG Committee meeting in May 2024, post year end, was attended by the Directors, our SVP ESG, and a representative from our shareholder. The meeting was chaired by our CEO and the items discussed included an overview of the role of the ESG Committee, requirements around TCFD and an update on the refresh of our existing ESG Strategy.

ESG governance structure



ESG OPERATIONAL GROUP

This is a core group established in December 2023, which implements the ESG Strategy and makes recommendations to the ESG Committee on developing the strategy to reflect a rapidly evolving ESG environment.

The group also 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 of the Heads of Corporate Affairs, Finance, Human Resources, Strategic Market & Analysis, Procurement and Portfolio Risk Management.

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.

Three Work Groups were established at the inaugural meeting of the ESG Operational Group in February 2024: (i) Disclosures (ii) Strategy and (iii) New Product Development. The progress of these Work Groups, consisting of cross functional teams, is reported to the ESG Operational Group at each meeting.

BOARD UPDATES - DURING YEAR ENDED 31 MARCH 2024

ESG matters including the potential impacts of climate change, were included as an agenda item at Board meetings and Director briefings during the year ended 31 March 2024, and ESG is an agenda item at all board meetings. The COSO is a member of the Board and oversees delivery of the ESG Strategy. 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.

Since year end, in July 2024, and again in February 2025, the Board of Directors was updated by the Chair of our ESG Committee, who is our CEO, and our COSO on the strategy and direction across each pillar of ESG. This included progress that has been made with our shareholder across SMBC and Sumitomo Corporation and Sumitomo Mitsui Finance and Leasing Company, Limited ("SMFL") on developments in our pursuit to provide options to our collective customer base on SAF.

In addition, the Board were updated on the progress around our newly developed governance structures to prioritise climate change within our business.

ADVOCACY

We are determined to embrace the decarbonisation challenge in a way that maintains human connectivity and enhances economic growth. We engage regularly with a range of stakeholders on ESG matters, in particular the agenda around SAF, advocating for policies that create an investment-friendly environment which will unlock the necessary finance needed to increase the availability and affordability of SAF. Our intention in attending COP29 in Baku, Azerbaijan in November 2024, was to promote SAF as a key pillar in aviation sector's journey to net zero by 2050. We will continue to engage with a range of senior stakeholders including The International Civil Aviation Organization ("ICAO"), The International Air Transport Association ("IATA") and relevant EU and global agencies in our advocacy efforts.

ESG AWARENESS

We previously reported that we had launched a company-wide ESG training program, which included a focus on climate. The first part has been completed by all staff post year end. The training program consisted of a set of modules based on the Aircraft Leasing Ireland ("ALI") Sustainability Charter, of which we are a signatory. This training programme was updated early in 2025 to include new modules relevant to the aviation industry. We have made a significant contribution to this training program and will continue to contribute to future training programmes overseen by ALI and ensure their integration within the business.

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

Strategy

Our ESG strategy is currently being updated and is driven by the principle of credible ambition. In the context of climate, it will outline specific objectives that reflect our determination to play our part in making aviation more sustainable.

Included in those objectives will be a focus on the following areas:

— New technology aircraft – We will achieve a target of at least 80% new technology fleet composition by 2030[1].

— Sustainable finance – we will continue to offer sustainability-linked finance products that support our airlines customers in achieving their own sustainability goals.

— Advocacy – we will lead in advocating for policy on sustainability that works and takes account of the importance of aviation to human interconnectivity and economic growth.

— Supporting sustainable aviation fuel (“SAF”) – we will continue to support research into and early adoption of sustainable aviation fuel and will work with all stakeholders in achieving that aim.

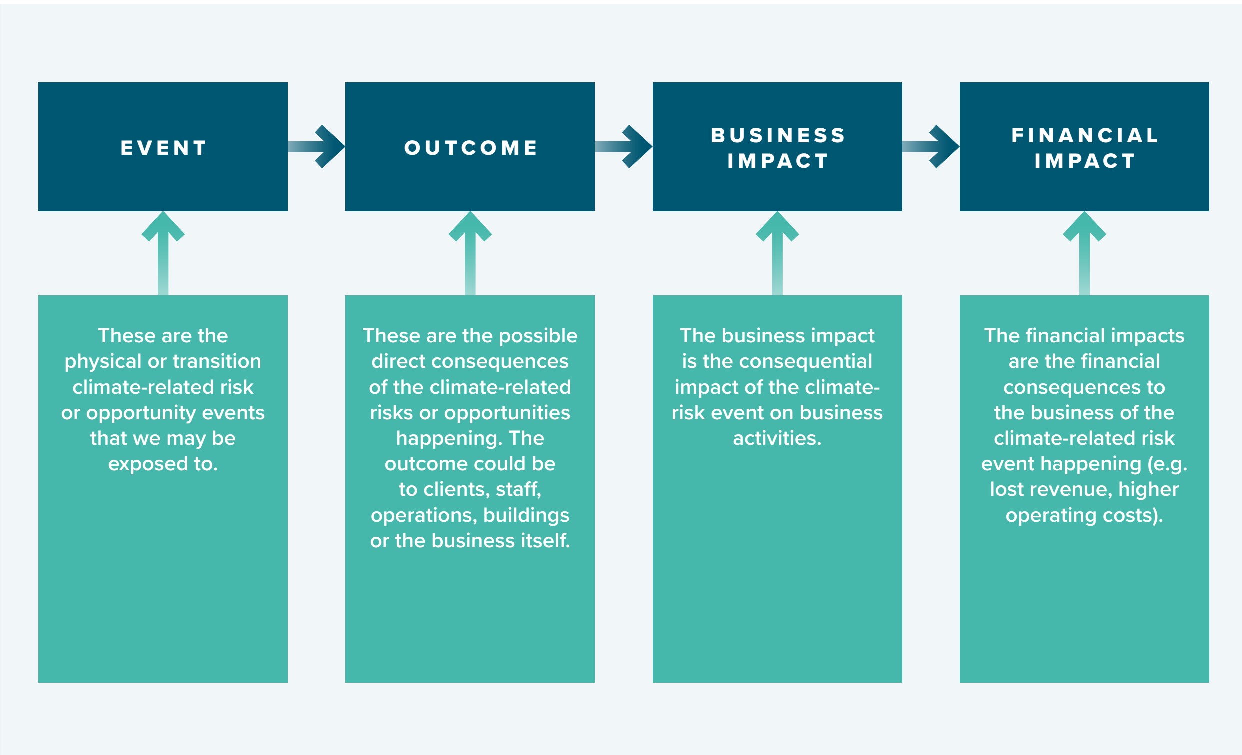
OUR APPROACH TO IDENTIFYING AND ASSESSING CLIMATE-RELATED RISKS AND OPPORTUNITIES

In preparing our inaugural TCFD report, we undertook a series of workshops, involving stakeholders within our organisation to identify the potential climate-related risks and opportunities (“CROs”) facing SMBC Aviation Capital.

This process involved the identification of 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.

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.



1 Owned aircraft by net book value

SCENARIO ANALYSIS

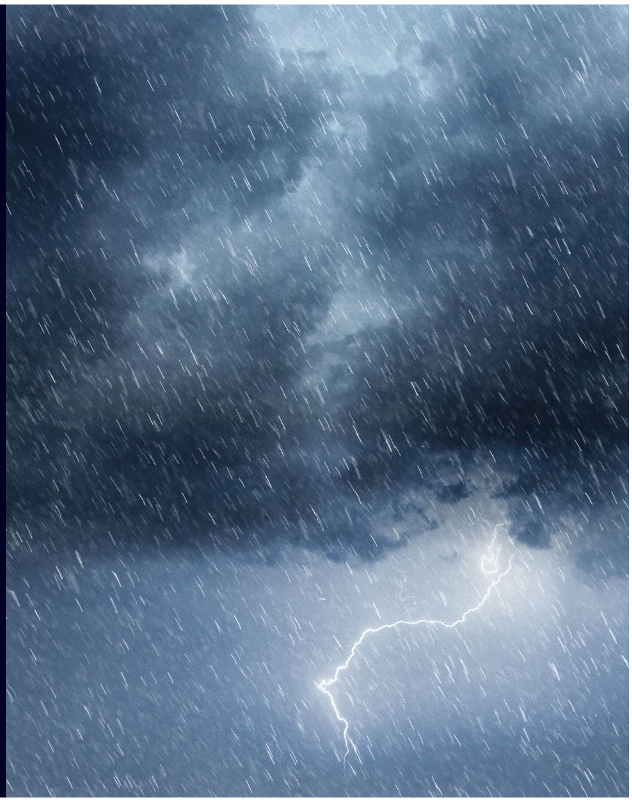
In August 2024, post year end, we conducted a refreshed qualitative scenario analysis of our CRO short list using two types of climate scenarios. Climate scenarios are used to demonstrate a range of pathways under possible emission trajectories over the remainder of the century, and the impact these 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.

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 (See CRO table on pages 7 and 8 – 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 7 - physical risks).

The table below shows how our refreshed 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. We note that the refreshed CROs below are substantially consistent with those monitored during the in-scope period.

Climate-related risks

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 - Medium Market - Low	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 - Low Market - Low	Short	– Achieve a target of at least 80% new technology fleet composition by 2030[2]
				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 stimulating the SAF market to assist customers with their decarbonisation commitments

2 Owned aircraft by net book value

Climate-related opportunities

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 - Low Market - Low	Short	– Achieve a target of at least 80% new technology fleet composition by 2030[3]
				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 - Medium Market - Low	Short - Medium	
Sustainable Aviation Fuel (SAF) Supply	Value-based cross-selling of Shareholder SAF supply. Distribution of Shareholders SAF production facility products to airline customers.	Increased earnings/ revenue	Supply chain - Medium Operations - Medium Market - Medium	Medium - Long	– Actively explore Shareholder and market collaboration opportunities around SAF
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	– Achieve a target of at least 80% new technology fleet composition by 2030[4]
				Long	– Leverage strong OEM relationships to enter into purchase agreements on NGAs

3/4 Owned aircraft by net book value

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, the Finance 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 the consideration of CROs as part of our risk management process.

PROCESS TO IDENTIFY AND ASSESS CROs

Please refer to our TCFD Report published in December 2023 for further information on identification and assessment of CROs. Read the report here: https://www.smbc.aero/sites/smbc.aero/files/2023-12/SMBCAC-TCFD-Mar23.pdf

PROCESS TO MANAGE CROs

Having initially identified our CRO shortlist in 2023, they are reassessed annually to ascertain whether updates are required.

The revised CROs were approved and endorsed by the ESG Committee in May 2025. The Committee are responsible for ensuring that ESG, including climate, considerations are properly embedded within the strategic focus of the organisation and that appropriate monitoring of CROs is completed. The ESG Committee also oversees the progress of the opportunities outlined in our inaugural TCFD report.

Metrics and 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.

Meanwhile, we have set other metrics to help us manage the identified CROs. These include:

- Achieve a target of at least 80% new technology fleet composition by 2030,
- Investing in Sustainable Aviation Fuel ("SAF"); and
- Adopting next-Generation Aircraft ("NGAs") over the long term where viable.

We do not monitor other climate related risks covered in the TCFD recommendations such as water and waste, as they are immaterial given the nature of our business.

GHG EMISSIONS

Operational Emissions

The following table displays our total carbon footprint for our operational emissions in the financial year ended 31 March 2024 and for our four previous reporting periods in tonnes of CO_2 equivalent ("tCO_2e").

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 2024.

Operational Emissions

	YEAR ENDED 31 MARCH				
tCO_2e	**2020**	**2021**	**2022**	**2023[4]**	**2024[4]**
Scope 1[1]	856	370	845	885	1,540
Scope 2[2]	36	41	38	118	26
Scope 3 – operational emissions[3]	6,241	1,642	2,957	4,054	5,971
Total operational emissions	**7,133**	**2,053**	**3,840**	**5,057**	**7,537**

All of our Scope 1, Scope 2 and Scope 3 operational emissions above have been offset using carbon credits.

1. Our Scope 1 emissions relate to ferry flights. The increase in emissions in the year ended 31 March 2024 is due to an increase in the average distance travelled per flight.
2. Our Scope 2 emissions are from purchased electricity for our Dublin office and are calculated using the Market Based Method in the year ended 31 March 2024. We note that there has been a change in calculation method from the prior years, where the Location Based Method was used. The change in calculation method has resulted in a reduction in emissions in the year ended 31 March 2024 as all of our electricity for our Dublin office is green. Please see page 12 for more information on our new Dublin Headquarters.
3. Scope 3 - operational emissions include business travel, well-to-tank emissions associated with ferry flight fuel, electricity for leased offices overseas and logistics. *(Emissions/Average no. of Aircraft:y/e 31 March 2024, 12, y/e 31 March 2023, 11).*
4. From the year ended 31 March 2023 our operational emissions 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.

DOWNSTREAM LEASED ASSETS EMISSIONS

In line with best practice, we have disclosed our Scope 3 emissions for our downstream leased assets (See the CRO table in the strategy section on pages 7 to 8 which discusses our focus on narrowbody aircraft and upgrading the technology of the fleet).

Our emissions are calculated in line with the GHG Protocol. 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.

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 by well-to-tank and tank-to-wake in tonnes of CO_2.

As mentioned on page 10, we acquired Goshawk in December 2022 and emissions from the acquired fleet have been included from that date. The increase in Scope 3 emissions in the year ended 31 March 2024 can be attributed to the inclusion of the full year data of the Goshawk portfolio as well as other aircraft acquisitions during the year in the normal course of business.

Downstream Leased Assets Emissions

tCO_2	YEAR ENDED 31 MARCH[1] 2023	YEAR ENDED 31 MARCH[1] 2024
Owned aircraft Total	**11,129,444**	**16,241,114**
Owned aircraft Well to Tank[2]	2,257,827	3,294,829
Owned aircraft Tank to Wake[3]	8,871,617	12,946,285

1 Scope 3 leased aircraft emissions and CO_2 intensity are estimated using PACE. Our aircraft can operate with up to a 50% blend of SAF. The emissions above assume 100% JetA Kerosene as emissions tracking does not currently take account of SAF used by our customers.

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

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

4 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. The 1.7 multiplier is as per the UK Government's Greenhouse Gas Reporting: Conversion Factors 2024.

5 As the area of GHG emissions reporting is evolving, future emissions disclosure methodologies may be subject to refinement.

SUSTAINABLE AVIATION FUEL

Our endeavours to assist our customers in reducing their operational emissions continues with the support of our shareholders. Significant progress towards achieving net zero in the aviation industry can only be achieved through the scaling of SAF. To this end, SMBC Aviation Capital has set up a Working Group with its shareholders SMBC, Sumitomo Corporation and SMFL to identify suitable opportunities in this area. In 2024, post year end, Boeing, Mitsubishi Heavy Industries Ltd. ("MHI") and SMBC Aviation Capital unveiled a jointly commissioned study that evaluates the availability of sustainable feedstocks in Japan as well as technologies and policies needed to scale up sustainable aviation fuel production in the country, further advancing aviation's decarbonization journey.

Post year end, we are also proud to have opened the Trinity College Dublin Sustainable Aviation Fuel Research Facility at SMBC Aviation Capital. Located on the ground floor of our Dublin headquarters, the collaboration underscores our dedication to the aviation industry's overall decarbonisation journey. Trinity College Dublin staff, as delivery partners for the European Union Aviation Safety Agency ("EASA") sponsored EU Sustainable Aviation Fuel Clearing House, will play a crucial role in identifying and validating new, sustainable fuels. The SAF Research Facility is proudly supported by Trinity College Dublin, Research Ireland, Ryanair and SMBC Aviation Capital.

SUSTAINABILITY-LINKED FINANCING

Following on from our first sustainability-linked loan facility in 2023, post year end we closed our first Export Credit Agency ("ECA") supported sustainability-linked secured aircraft facility. This is a landmark transaction as it is the first ECA supported sustainability-linked loan for an Airbus aircraft.

NEW DUBLIN HEADQUARTERS – LEED V4.1 GOLD

Our new headquarters, which we occupied in March 2024 is built to the LEED v4.1 Gold standard, a globally recognised symbol of achievement in sustainability. In line with this, we have selected suppliers with strong ESG credentials and have provided our staff with an introduction to these suppliers so that we can focus on keeping waste to a minimum in our office. In addition, our catering supplier, who has a number of sustainability certifications including Origin Green and Eco Vadis, strives for zero food waste in our headquarters.

The new office premises also has beehives on its roof which support the growth and sustainability of honeybee colonies helping to combat the decline in pollinator populations.

FITZWILLIAM 28

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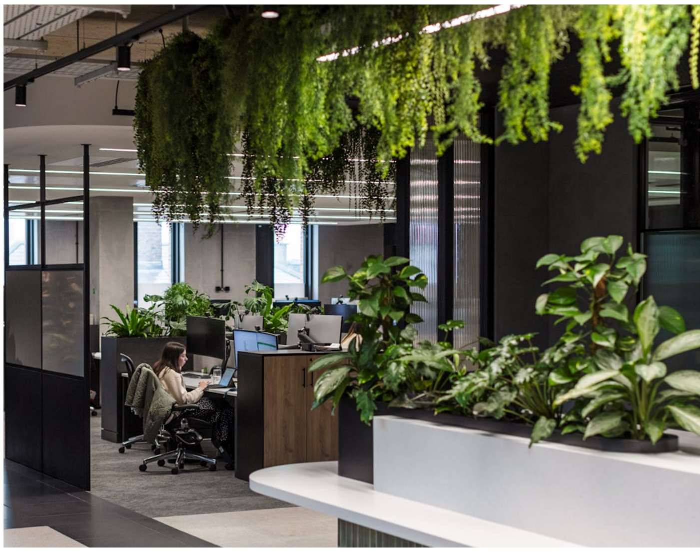

SUSTAINABLE AVIATION FUEL

Post year end, we are also proud to have opened the Trinity College Dublin Sustainable Aviation Fuel Research Facility at SMBC Aviation Capital.

Next Steps

This is our second voluntary disclosure utilising the TCFD framework. Aviation is a hard to abate sector and we want to play our role as part of the wider aviation eco-system in tackling climate change. We will continue to evaluate both the risks and opportunities for our business.

We are committed to taking the necessary steps to continue on our journey and intend to focus on:

1. Further embedding the governance processes into our business to ensure that we consider the impact of our decision making on the environment,
2. Progressing delivery of the metrics and targets that are linked to specific CROs,
3. Continuing with our research into how we can assist our customer's decarbonisation objectives through investigating opportunities for enhanced SAF adoption; and
4. Integrating our ESG strategy with our business objectives and highlighting its importance with all of our stakeholders, including our staff and shareholders.

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