SMBC AVIATION CAPITAL

Sustainability Report

FOR THE YEAR ENDED 31 MARCH 2025

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.

From evaluating climate-related risks and opportunities to disclosing our emissions and outlining our advocacy efforts, we provide a comprehensive overview of the steps we are taking to advance our sustainability strategy and embed it throughout our organisation.

Success in decarbonising aviation depends on collaboration. Meaningful progress can only be achieved when all industry stakeholders unite in addressing the sustainability challenge. Whether lessors or airlines, manufacturers or governments, researchers or regulators, investors or banks —we all share the responsibility of reducing emissions in a way that preserves global connectivity and continues to drive economic growth.

At SMBC Aviation Capital, Sustainable Aviation Fuel ("SAF") is a foundational element of both our sustainability and advocacy strategies. We are honoured to host the EU SAF Clearing House—sponsored by EASA and directed by Professor Stephen Dooley of Trinity College Dublin—at our headquarters in Fitzwilliam 28, Dublin.

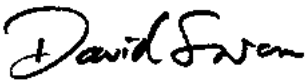
Our partnership with Trinity College Dublin, through which we advocate for SAF research, accessibility, and affordability, is a clear reflection of our commitment to emissions reduction and to fostering alignment among all stakeholders.
We are also fortunate to have the full support of our shareholders, who are deeply committed to the aviation decarbonisation agenda.

In closing, aviation remains a vital force for good—connecting people and enabling economic progress. To ensure these benefits endure, every stakeholder must contribute to reducing emissions. SMBC Aviation Capital is committed to playing a leading role in shaping a more sustainable future for aviation—through both our actions and our advocacy.

TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES ("TCFD")

Contained in this sustainability report are the details of our third voluntary disclosure under the TCFD in respect of the year ended 31 March 2025 which centre on four thematic areas:

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



DAVID SWAN
CHIEF OPERATIONS & SUSTAINABILITY OFFICER

Governance

GOVERNANCE FRAMEWORK

As at 31 March 2025, our ESG governance framework has been in place for 15 months embedding ESG within the organisation. The ESG Governance framework 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 ESG Governance framework reflects the focus we place on ESG in all aspects of our business. The Chief Operations and Sustainability Officer ("COSO") is a member of the Board and oversees delivery of the ESG strategy.

Our approach to the governance of our climate-related risks and opportunities is covered on page 9.

ESG COMMITTEE

The ESG Committee consists of six Directors of SMBC Aviation Capital 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 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.

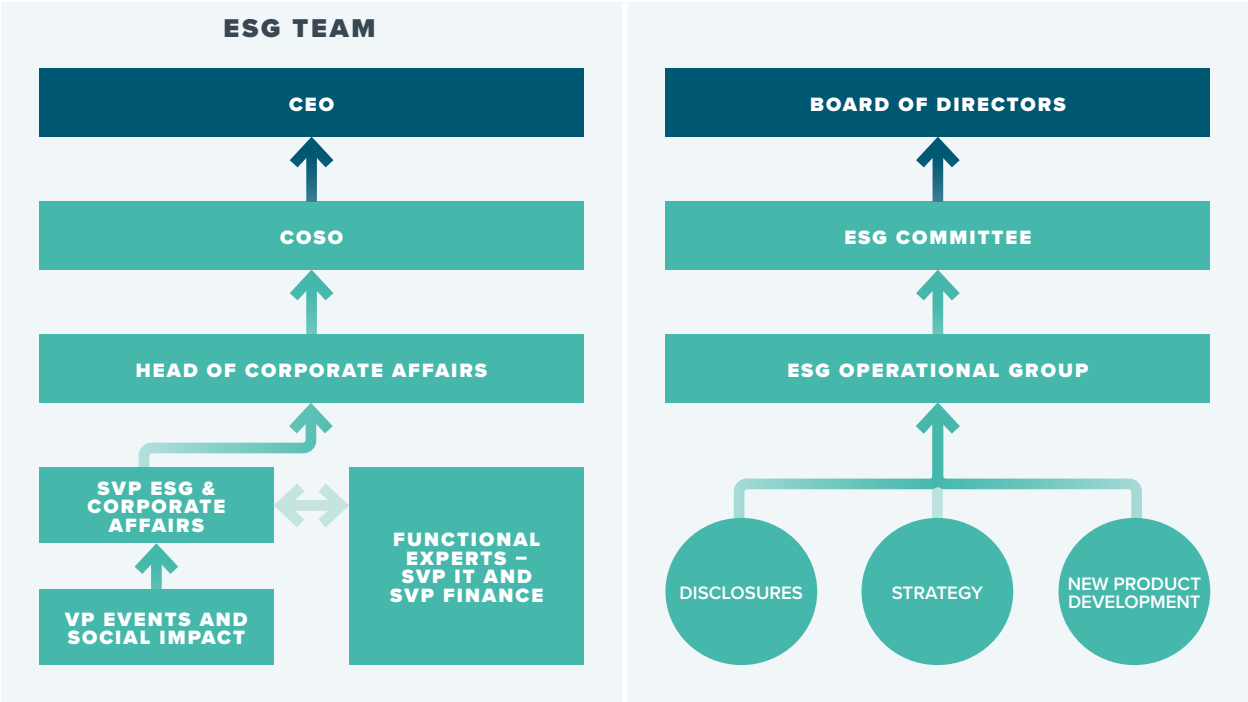
ESG OPERATIONAL GROUP

The ESG Operational Group is made up of a core team of the Heads of Corporate Affairs, Finance, Human Resources, Strategic Market & Analysis, Procurement and Portfolio Risk Management. The group implements the ESG Strategy and 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.

The ESG Operational Group oversees, manages and advises Work Groups composed of members from across the business, tasked with implementing specific ESG related projects, including those related to climate change.

There are currently three Work Groups as follows: (i) Disclosures (ii) Strategy and (iii) New Product Development. The progress of these Work Groups is reported to the ESG Operational Group at each meeting.

ESG governance structure



BOARD UPDATES - DURING YEAR ENDED 31 MARCH 2025

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

ESG matters including climate were included as an agenda item at Board meetings and Director briefings during the year ended 31 March 2025. In July 2024, and again in February 2025, the Board of Directors was updated by 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, 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 governance structures to prioritise ESG including climate change within our business.

ADVOCACY

We are determined to continue 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, with our current focus being on SAF, advocating for policies that create an investment-friendly environment which will unlock the necessary finance needed to increase both its availability and its affordability. We attended COP29 in Baku, Azerbaijan in November 2024 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.

Our partnership with Trinity College Dublin is an example of the effectiveness of close collaboration in making the case for SAF and the promotion of its early adoption. From the SAF Research Facility co-located at our international headquarters in Dublin, the team direct the EU SAF Clearing House and provide a critical pre-screening service. Our collaboration included the delivery of a SAF workshop with Trinity College Dublin at the SAF Congress in Amsterdam last May which was attended by stakeholders from across the sustainable aviation spectrum.

In the last year we also made a submission to DG MOVE in the EU Commission in support of their Sustainable Transport Investment Plan, due to be published in late 2025. Our position on SAF and the details of the investment policies and incentives we believe will expedite its production and adoption are contained in our thought leadership piece "Clearing the Path to SAF" and can be viewed here: Clearing the Path for SAF - SMBC Aviation Capital.pdf

ESG AWARENESS

All staff have completed the first part of our company-wide ESG training program, which included a focus on climate. The training program consisted of a set of modules based on the Aircraft Leasing Ireland ("ALI") Sustainability Charter, of which we are a signatory. 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 briefings and updates as it deems necessary or appropriate.

ABOVE

(L-R) SMBC Aviation Capital Board Members Mr Shinichiro Watanabe, Mr Yoshihiro Hyakutome and Mr Masaki Tachibana, Trinity College Dublin's Dr Mohammad Reza Ghanni and Professor Stephen Dooley along with SMBC Aviation Capital's EVP Innovation, Mr Shane Wilson pictured at the SAF Research Facility Launch – July 2024

LEFT

Minnesota SAF Hub Delegation visit to our SAF Research Facility– September 2025

Strategy

We are currently updating our ESG strategy, guided by the principle of credible ambition. In relation to climate, the revised strategy will set out clear objectives that reflect our commitment to contributing meaningfully to a more sustainable aviation industry.

Key focus areas within these objectives include:

NEW TECHNOLOGY AIRCRAFT 01

We aim to achieve a fleet composition of at least 80% new technology aircraft by 2030[1]. As at 31 March 2025, 73% of our fleet already comprises new technology aircraft[1].

SUSTAINABLE FINANCE 02

We will continue to offer sustainability-linked financing solutions that help our airline customers meet their own environmental goals.

ADVOCACY 03

We will take a leadership role in advocating for effective sustainability policies—ones that recognise the essential role aviation plays in connecting people and supporting global economic development.

SUPPORT FOR SUSTAINABLE AVIATION FUEL ("SAF") 04

We remain committed to supporting research and early adoption of SAF, working collaboratively with stakeholders across the industry to accelerate progress in this area.

1 Owned aircraft by net book value

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.

PROCESS TO IDENTIFY AND ASSESS CROS

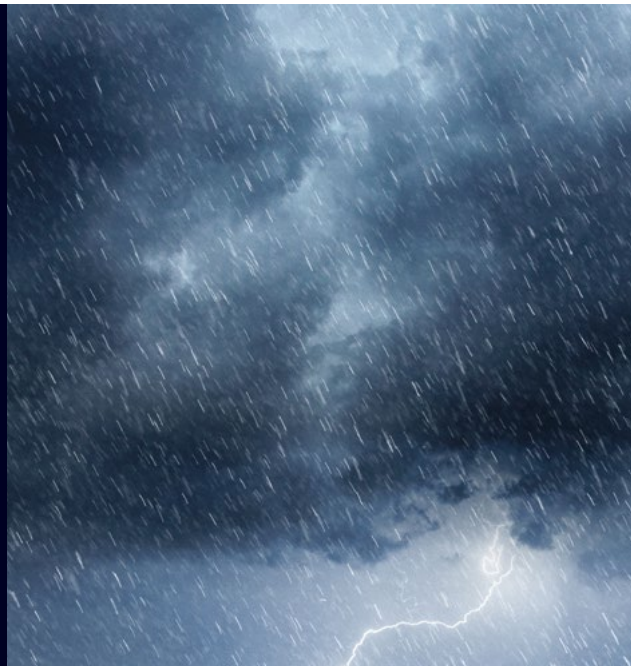
Please refer to our TCFD Report published in December 2023 for further information on identification and assessment of CROs: SMBCAC-TCFD-Mar23.pdf

SCENARIO ANALYSIS

In January and September 2025 we conducted a refreshed qualitative scenario analysis of our CRO short list using two types of climate scenarios as follows:

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 earnings potential from a market leading aircraft portfolio (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 - Low 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 - Low Market - Low	Short - Medium	
Sustainable Aviation Fuel ("SAF") Supply	Value-based cross-selling of Shareholder SAF supply.	– Increased earnings/ revenue	Supply chain - Medium Operations - Medium Market - Medium	Medium - Long	– Actively explore Shareholder and market collaborationopportunities 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 - Low Supply chain - Low	Short	– Achieve a target of at least 80% new technology fleet composition by 2030
				Long	– Leverage strong OEM relationships to enter into purchase agreements on NGAs

3 Owned aircraft by net book value

Risk Management

At SMBC Aviation Capital, one of our core business objectives is to pro-actively manage risk. To that end, we continually seek to identify, consider, manage and mitigate risk across all parts of our business.

Our risk management practice encompasses a spread of teams from across 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 risks relevant to their underlying subject matter. Given how risk evolves over time, we also seek to continually evolve how assess risk. Hence, during the reporting year we implemented a company-wide Risk Register Framework, designed to identify key and emerging risks which are then reviewed quarterly by our Executive team. Climate change has been identified as one of the principal risks in our business as part of this risk management exercise.

PROCESS TO MANAGE CROs

Our CRO shortlist, identified in 2023, are reassessed annually to ascertain whether updates are required.

The revised CROs were approved and endorsed by the ESG Committee in September 2025.

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[4]. As at 31 March 2025 our fleet comprised 73% new technology aircraft;

— Investing in Sustainable Aviation Fuel; 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 2025 and for our five 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 following the acquisition.

Operational Emissions

tCO_2e	YEAR ENDED 31 MARCH					
	2020	2021	2022	2023[4]	2024	2025
Scope 1[1]	856	370	845	885	1,540	2,414
Scope 2[2]	36	41	38	118	26	5
Scope 3 – operational emissions[3]	6,241	1,642	2,957	4,054	5,971	6,661
Total operational emissions	**7,133**	**2,053**	**3,840**	**5,057**	**7,537**	**9,080**

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 2025 is due to an increase in average distance travelled per aircraft.
2. Our Scope 2 emissions are from purchased electricity for our Dublin office and are calculated using the Market Based Method from the year ended 31 March 2024. This change in calculation method from the prior years, where the Location Based Method was used, has resulted in a reduction in emissions as all of our electricity for our new 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: year ended 31 March 2025, 13, year ended 31 March 2024, 12).*
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.
5. As the area of GHG emissions reporting is evolving, emissions disclosure methodologies may be subject to refinement.

4 Owned aircraft by net book value

DOWNSTREAM LEASED ASSETS EMISSIONS

In the table below we have provided a breakdown of 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.

Our focus on narrowbody aircraft and the continual upgrading of the fleet (see the CRO table in the Strategy section on pages 7 to 8) has resulted in an increase in our percentage of new technology aircraft from 62% as at 31 March 2023 to 73% as at 31 March 2025.

The increase in Scope 3 emissions in the year ended 31 March 2025 can be attributed to aircraft acquisitions during the year in the normal course of business.

Downstream Leased Assets Emissions

tCO_2	YEAR ENDED 31 MARCH[1]		
	2023	2024	2025
Owned aircraft Total	**11,129,444**	**16,241,114**	**16,757,935**
Owned aircraft Well to Tank[2]	2,257,827	3,294,829	3,399,677
Owned aircraft Tank to Wake[3]	8,871,617	12,946,285	13,358,258

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-CO_2 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 July 2024, 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 EU Aviation Safety Agency ("EASA") sponsored EU SAF 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.

Together with Trinity College Dublin SAF Research Facility, we co-hosted an event called "Clearing the Path for SAF" during the SAF Congress held in Amsterdam in May 2025. At the event, representatives from a wide range of stakeholders, including SAF producers/developers, airlines, OEMs, financiers and regulators, assembled to identify common barriers and discussed how to tackle these together.

We also issued our white paper titled "Clearing the Path for SAF". This echoes the proposal we submitted under the name of Aircraft Leasing Ireland to DG Move earlier in the year, urging the EU government to implement several financial instruments to lower the barriers the SAF industry is currently facing.

Post year end, we hosted a SAF town hall in our Dublin office as part of the first International Conference on Sustainable Aviation Research ("ICSAR") welcoming SAF researchers from all over the world enabling open discussions on sustainable aviation fuel research, development, policy, and implementation.

A SAF Town Hall panel discussion hosted by the International Conference on Sustainable Aviation Research (ICSAR) at Fitzwilliam 28 - July 2025

DUBLIN HEADQUARTERS – LEED V4.1 GOLD

Our Dublin headquarters, which we occupied in March 2024 is built to the LEED v4.1 Gold standard, a globally recognised symbol of achievement in sustainability. The building is powered by 100% renewable electricity, with prudent waste management practises in place, a water attenuation tank and no chemical products are used by the cleaning contractors onsite.

Our catering supplier, who has a number of sustainability certifications including Origin Green and Eco Vadis and are members of the UN Global compact, strives for zero food waste in our headquarters.

In addition, to encourage more sustainable commuting, our new office has secure bike storage racks and shower facilities and the bike to work scheme is available for employees to utilise.

Summary

This is our third voluntary disclosure under the TCFD framework. 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.

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

1 Progressing the delivery of the targets that are linked to specific CROs;

2. Continuing with our research into how we can assist our customer's decarbonisation objectives through investigating opportunities for enhanced SAF adoption; and

3. Finalising our revised ESG strategy and integrating the new strategy within our business objectives highlighting its importance with our staff and shareholders.

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