

Supplier Procurement Statement

December 2023



SMBC Aviation Capital's Supplier Procurement Statement

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1. Overview of SMBC Aviation Capital

SMBC Aviation Capital is a leading global aircraft leasing company. The international nature of the business means that SMBC Aviation Capital and its staff interact with customers, suppliers and business partners throughout the world. SMBC Aviation Capital is committed to meeting high standards of Environment, Social and Governance ("ESG") performance. As the second largest global aircraft leasing company, we have a responsibility to mitigate the impact of aviation on the environment- a responsibility we take seriously. Full details of our commitment to setting and meeting ESG standards are outlined in the SMBC Aviation Capital ESG Strategy 2022-2024.

2. Overview of this Supplier Procurement Statement

This *Supplier Procurement Statement* describes our approach to embedding consideration of ESG into our purchasing decisions and to actively consider sourcing sustainable products, services and solutions. Our *Supplier Code of Conduct* ('the Code') sits alongside this statement. As we strive to do better across our business, similarly we ask our suppliers to join us on our journey to achieving high ESG standards. This is a request to meet the requirements of this Code as a prerequisite of doing business with us and by doing so, to show commitment to improving corporate ESG standards.

3. Our ESG Strategy

ESG is a framework to understand how a company manages risks and opportunities around Environment, Social and Governance issues/topics/factors.

In 2022, we launched our company ESG strategy to provide us with a framework to achieve our target of net zero by 2050, in line with many airlines and companies in the global aviation industry.

In order to establish our ESG priorities, we engaged with numerous stakeholders, both inside and outside of our business and sector. The direction of our plan has been dictated by this feedback.

As we seek to decarbonise our own operations, we need to collaborate with our customers and suppliers to support them on their journeys. We therefore have an ambitious and challenging plan for the future.

Environment

Our environment plans are centred around:

- Reducing our carbon impact
- Managing our exposure to climate risk
- Accelerating our customers' decarbonisation journey
- Collaborating to achieve a sustainable aviation future

To reduce our carbon impact, we are actively seeking to reduce our Greenhouse Gas (“GHG”) emissions in line with the Greenhouse Gas Protocol, so that we can achieve a net zero target by 2050. We are also seeking to minimise consumption of natural resources.

Social

Our Equality, Diversity and Inclusion (“EDI”) Committee (Mosaic) and Wellbeing initiatives are well established in the business. We also have a Corporate Social Responsibility (“CSR”) committee in place since 2014, whose focus has been to build a positive presence in local communities.

Governance

SMBC Aviation Capital has been aligned with financial institutions throughout its history. This means that strong governance and compliance with regulatory requirements has always been a key focus and is carried out as best practice within our business. We are also incorporating ESG reporting into our governance structures so we can measure and be measured on this area. This is set out in our inaugural TCFD report which was published on our website in December 2023.

Our plans demonstrate the importance we have placed on ESG as we increasingly view our core business elements through a sustainability lens.

4. Working across the value chain

An important element of our ESG strategy is to work across the value chain so that we can encourage others to place an emphasis on ESG.

Suppliers are a core element of that value chain. Our main suppliers are (i) manufacturers and suppliers of aircraft, - engines and engine parts and interiors (ii) aircraft technical service companies (iii) professional advisors (legal, tax and accountancy, communications advisers) (iv) IT related suppliers (v) buildings and facilities suppliers.

Our intention is to work with our suppliers to drive continual improvement in ESG performance. In practice this means we:

- Consider the environmental and social impacts of the products and services we procure, with the aim of sourcing sustainable options;
- Embed ESG criteria into tender documents and requests for quotation (RFQs) as a way to encourage our suppliers to be proactive on ESG matters;
- Incorporate ESG criteria into *new* contracts or when renewing existing contracts (over a value of \$100,000)
- Incorporate an ESG clause into all supplier contracts
- Train staff involved in procurement in sustainable procurement practices;
- Work in partnership with our suppliers to continually improve our collective ESG performance.

5. Approach

To enable us to deliver on our ESG commitments, there are practical actions that we take as part of our procurement process, including but not limited to:

- Working with suppliers that have robust ESG practices and/or strategies;

- Receiving options from suppliers for leasing products where possible (rather than purchase new);
- Receiving options on 'circular' products (e.g. reused, remanufactured, repair, take back, recycled);
- Considering whole life costs, where appropriate;
- Seeking products or suppliers that can demonstrate positive social impact (e.g. fairtrade, minority-owned enterprises, social enterprises);
- Seeking suppliers that have good practices in place on human rights, workplace safety and wellbeing, and equality, diversity, and inclusion (EDI);
- Seeking suppliers that support local communities either financially or through staff volunteering;
- Seeking suppliers who can demonstrate strong corporate governance practices;
- Seeking suppliers who are committed to measuring and benchmarking performance.

Overall, we also commit to treating our suppliers with respect and being ethical in our own business practices in our dealings with suppliers.

6. Monitoring and evaluation

SMBC Aviation Capital will monitor and evaluate its suppliers based on information provided either as part of an RFQ (for new suppliers) or as part of an ESG questionnaire (for existing suppliers). SMBC Aviation Capital may undertake due diligence on a supplier at the start of a relationship and as part of this, evaluate the company's approach to ESG. This analysis may include a review of the company's own materials and publicly available information in order to identify instances that may give SMBC Aviation Capital cause for concern.

SMBC Aviation Capital has in place a Supplier Code of Conduct which outlines a minimum conduct required when doing business for, with or on behalf of SMBC Aviation Capital.

SMBC Aviation Capital expects full compliance with all applicable laws and regulations and that Suppliers will aspire to reach and maintain ESG standards set by SMBC Aviation Capital.

In addition, Suppliers must adhere to the requirements of this Code and incorporate both the letter and the spirit of the Code into their business activities for, with or on behalf of SMBC Aviation Capital.

7. Future steps

SMBC Aviation Capital is committed to continuing its work across the aviation value chain. We will continue to work with our suppliers and by improving and enhancing our understanding and knowledge of ESG, we can assist in improving processes across the entire industry. We commit to broadening our commitment over the coming years to extend our programme to both new and existing suppliers, large and small.

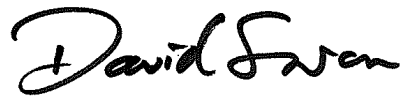
8. Queries

If you have any queries regarding this Statement, the Supplier Code of Conduct, of any aspect of the SMBC Aviation Capital ESG Strategy, please contact Orla Benson, SVP ESG, SMBC Aviation Capital.

9. Approval

This statement shall be reviewed on a two-year basis by the SMBC Aviation Capital ESG Team and is signed by David Swan, Chief Operations and Sustainability Officer.

Date: 20th December 2023



David Swan,
Chief Operations and Sustainability Officer,
SMBC Aviation Capital Limited