



2021 UPDATE

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT



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2021 UPDATE



OUR ESG APPROACH

A WORD FROM OUR CEO

Aviation Capital Group ("ACG") seeks to invest, act and influence behavior through ESG initiatives that are actionable now and have an impact in the near- and long-term.

ACG's environmental mission focuses in part on reducing the impact of the aviation industry. We help achieve this by investing in fuel-efficient, new technology aircraft that produce lower emissions and less environmental noise. The aviation industry has some important targets and we are excited to be a part in reaching, and hopefully surpassing, those goals. We will also continue to challenge our partners, customers and vendors to make environmental responsibility a priority and find creative incentives for them to do so. We have already begun this journey through our commitment to sponsor the Airbus SAF Fund, discussed in further detail in this report. We also seek to continually improve our operational sustainability. We understand that environmental responsibility starts within each individual. We have been promoting and rewarding sustainability practices in our offices, making it clear to our employees that environmental responsibility is a significant part of our company culture.

Socially, ACG makes diversity, equity and inclusion (both internally and externally) an essential focus. We value diversity in our hiring and promoting practices and we have regular training on anti-discrimination and harassment. ACG is proud of its diverse employees - in gender, nationality, ethnicity, sexual orientation, age, religion and other differences. We maintain competitive benefits, wellness initiatives and company perks to retain our talent. Another fundamental priority for ACG is our community involvement. We support a wide variety of charities, including those that promote diversity and inclusion, for example through our sponsorship of Airlink and our partnership with the ISTAT Foundation, both of which are discussed in detail in this report. ACG's Helping Hands group finds and coordinates community-level volunteer events in which ACG employees can give back through time and services.



ACG proudly provides many incentives to encourage charitable and community efforts from its employees.

ACG upholds a high standard of corporate governance. Our ethnically diverse Board has over 140 years of collective experience and our Executive Chair is female. Our governance strategy is to maintain high standards through the decisions of our Board, internal communications, our management team, our policies, continuous training of our employees and our relationships with customers, vendors and partners. Through this, we encourage a company-wide culture of responsibility, ethics, efficiency and diversity.

ACG is proud to prioritize sustainability and ESG responsibility. We are committed to researching and implementing ways to build a cleaner future, maintain a successful, sustainable business and retain a great work environment for our employees. We are very excited to see what this industry is capable of. Lastly, we want to say a big "thank you" to our stakeholders for your support; we know we cannot do this alone.

Thomas G. Baker
Chief Executive Officer & President

BUSINESS AT A GLANCE

441



OWNED, MANAGED & COMMITTED

90

LESSEES IN 45 COUNTRIES¹

96%

NARROWBODY AIRCRAFT²

5.7 YRS



WEIGHTED AVERAGE AGE BY NET BOOK VALUE

MOODY'S: **Baa2**
 S&P: **BBB-**
 KBRA: **A-**

INVESTMENT GRADE RATING

¹ Owned and managed aircraft² Based on the number of owned narrowbody aircraft

ACG, founded in 1989, is a premier global full-service aircraft lessor focused on building long-term partnerships with, and value creation for, our airline customers and investors.

For over 30 years, ACG has established itself as a trusted industry leader in aircraft leasing. Building on this proven track record, ACG continues to forge new paths by providing dynamic solutions to airlines and investors worldwide.

ACG is a Delaware limited liability company and a wholly owned subsidiary of Tokyo Century Corporation, a globally diversified leasing and specialty finance conglomerate.

ACG is focused on expanding access to the most fuel-efficient, new technology commercial aircraft. We listen carefully to our airline customers' challenges and goals, and work with them to design and implement unique fleet solutions to successfully deliver or finance the right aircraft assets into their fleet. Through each step of the lease transaction, we bring a high level of experience and creativity, which our customers have come to rely upon. Our orderbook is entirely new technology aircraft.

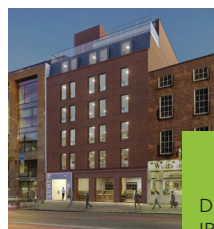
Headquartered in Newport Beach, CA, we maintain a global presence with offices in:



NEWPORT
 BEACH
 USA



BELLEVUE
 USA



DUBLIN
 IRELAND



SINGAPORE

ABOUT THIS REPORT



1ST ESG REPORT

THIS IS OUR FIRST ANNUAL ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT ("ESG REPORT").

2021 REPORTING PERIOD

UNLESS INDICATED OTHERWISE, THIS ESG REPORT COVERS THE 2021 FINANCIAL YEAR FROM JANUARY 1, 2021 THROUGH DECEMBER 31, 2021.

GRI STANDARDS

THIS REPORT REFERENCES 2016 STANDARDS SET OUT BY THE GLOBAL REPORTING INDEX (GRI). PAGE **40** PROVIDES THE APPLICABLE GRI STANDARDS.

REPORTING SCOPE

THIS ESG REPORT COVERS ACG, INCLUDING ITS CONSOLIDATED SUBSIDIARIES.
CONTACT FOR QUESTIONS ABOUT THIS REPORT: **GORDON.GRANT@AVIATIONCAPITAL.COM**.

ESG APPROACH

EFFECTIVE GOVERNANCE AND OVERSIGHT OF ESG STRATEGY, EXECUTION AND REPORTING IS CRITICAL FOR A SUCCESSFUL ESG PROGRAM

ACG's ESG Working Group is currently comprised of members from various departments, including Executive Office, Legal, Original Equipment Manufacturer ("OEM") and New Aircraft Management, Trading and Treasury.















ESG APPROACH

ACG is a subsidiary of Tokyo Century Corporation, a globally diversified leasing and specialty finance conglomerate, and ACG will adhere to Tokyo Century Corporation's group ESG strategy as a core member. Tokyo Century promotes sustainability management to realize an environmentally-sound, sustainable economy and society through its business activities.

Tokyo Century has defined its group materiality (key issues) as outlined below, which are based on the sustainable development goals ("SDGs") established by the United Nations, and is advancing initiatives within these areas for the purpose of promoting sustainability management to address social issues through its business activities.

ACG'S INITIATIVES TO SUPPORT GROUP MATERIALITY

- Continuous focus on fuel efficient, new technology aircraft.
- Promoting the use of eVTOLs, Sustainable Aviation Fuel ("SAF") and other innovative technologies.
- Continuous contribution to enhancement of social inclusion worldwide through air transport.
- Continuous promotion of "decent work" (as defined by the UN) across the industry including through sponsorships.

MATERIALITY	PRIORITY INITIATIVES	SDGs
CONTRIBUTION TO DECARBONIZED SOCIETY	Contribute to widespread use of clean energy through climate change response and environmental efforts	 
CREATION OF NEW BUSINESSES DRIVEN BY TECHNICAL INNOVATION	Create new businesses by integrating new technologies into financial services and contribute to the digital economy	 
CONTRIBUTION TO SOCIAL INFRASTRUCTURE DEVELOPMENT	Respond to advances in global mobility services and cooperate with local communities to contribute to social infrastructure development	 
SUSTAINABLE RESOURCE USE	Contribute to development of a circular economy focused on the value of assets	 
ENHANCEMENT OF WORK ENVIRONMENT, LEADING TO STRENGTHENING OF HUMAN RESOURCES	Promote human resource development, diversity, and workstyle reforms that improve job satisfaction and foster a sense of personal growth	
 Shared Platforms	 Utilize diverse partnerships to create new value	



2021 UPDATE



OUR PLANET

SUSTAINABLE AVIATION



ACG STANDS WITH TOKYO CENTURY IN REDUCING THE ENVIRONMENTAL IMPACT OF THE AVIATION INDUSTRY



Acting responsibly to create and sustain a
Cleaner environment through
Green technology

ESG and Environmental Sustainability are encompassed within ACG's business strategies, risk management and company driven ethos.

OUR FLEET

We believe in a cleaner and sustainable future with new technology aircraft producing lower emissions, using less fuel and generating less environmental noise than previous generation aircraft.



OUR OPERATIONS

ACG is dedicated to operational sustainability, actively promoting paper reduction, recycling initiatives, energy conservation and partnering with environmental charities.



SUSTAINABLE AVIATION

**ACG AND ITS CORE BUSINESS STRATEGY
ARE ALIGNED WITH SUPPORTING
SUSTAINABLE AVIATION**

ACG understands that in order to reach the aviation industry's targets all major stakeholders must work together in re-shaping the future.

2.1%

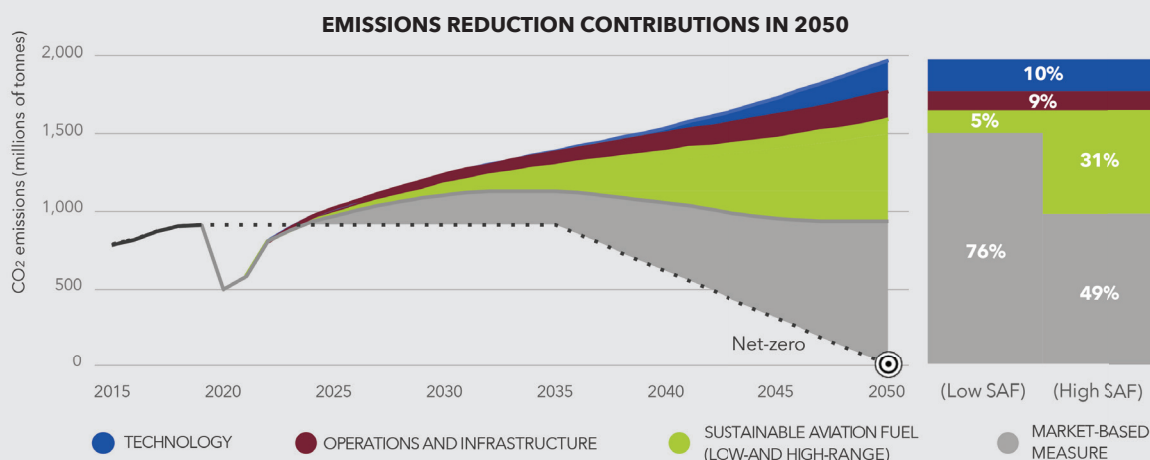


AIR TRANSPORT CONTRIBUTES
TOWARDS THE GLOBAL CO₂
EMISSIONS AMOUNT¹



NET-ZERO

IATA HAS SET A TARGET OF
NET-ZERO CARBON EMISSIONS
BY 2050²



¹ Source: ATAG - Key Facts and Figures www.atag.org

² Source: IATA www.iata.org

Graphic Source: ATAG Waypoint 2050 2nd Edition (September 2021)

ACG is collaborating with:

- aircraft manufacturers;
- engine manufacturers;
- seating, galley and component suppliers;
- industry bodies and working groups; and
- industry innovators,

in order to support meeting environmental sustainability targets in aviation.

ACG supports the introduction of technology improvements, operational improvements and infrastructure improvements within its aircraft fleet, leading to improvements in fuel efficiency, CO₂ emission reductions and reduced noise impact.

ACG communicates with OEMs and industry bodies to understand new technologies, Sustainable Aviation Fuel ("SAF") and infrastructure development and to explore ways of encouraging the scale-up of SAF usage across the ACG fleet.

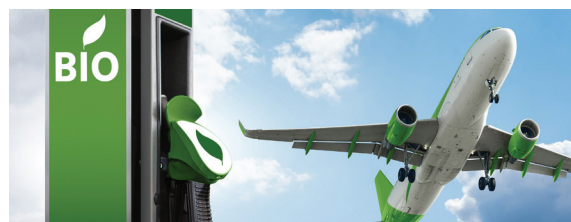
INDUSTRY ENGAGEMENT

In order to participate in tackling the challenges faced in aviation environmental sustainability, members of ACG's OEM department regularly explore emerging technologies and concepts in the aviation sector, and ACG has proactively

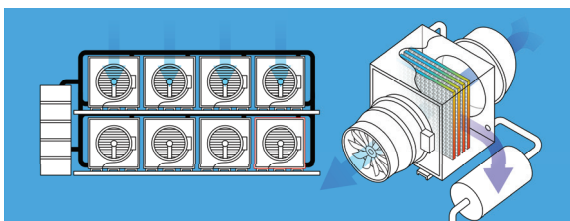
engaged with OEMs, industry innovators, industry bodies and institutions to understand the impacts the following technologies and concepts play in building a sustainable future in aviation:



HYDROGEN PROPULSION



SAF DEVELOPMENT



DIRECT AIR CARBON CAPTURE



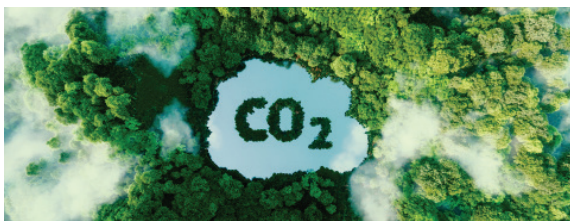
HYDROGEN INFRASTRUCTURE



SAF INFRASTRUCTURE



eVTOL CONCEPTS & DEVELOPMENT



CO₂ EMISSIONS REPORTING

INDUSTRY ENGAGEMENT

Due to the worldwide pandemic, supply chains were disrupted because of facility shutdowns, part shortages and staffing challenges. Our Buyer Furnished Equipment Department was able to support Airbus and Boeing with on time part deliveries.

ACG looks for opportunities to support our suppliers and help them manage supply chain challenges. We collaborate and engage in open discussions on best practices with our suppliers regarding sustainability and industry leading initiatives.

Our partners include the following key OEMs and suppliers:

AIRBUS



RECARO



The Power of Flight



**ACG IS THE FIRST LESSOR TO
ENGAGE WITH COLLINS AEROSPACE
AS PART OF THE 1COLLINS
APPROACH TO ENVIRONMENTAL
SUSTAINABILITY IN AVIATION**



Collins Aerospace

FLEET TRANSFORMATION

**OUR FLEET IS CENTERED
AROUND HIGH-DEMAND, LIQUID
NARROWBODY AIRCRAFT**

Since 2016, we have invested over \$5 billion in new technology aircraft, which represents 50% of the net book value of our owned fleet.

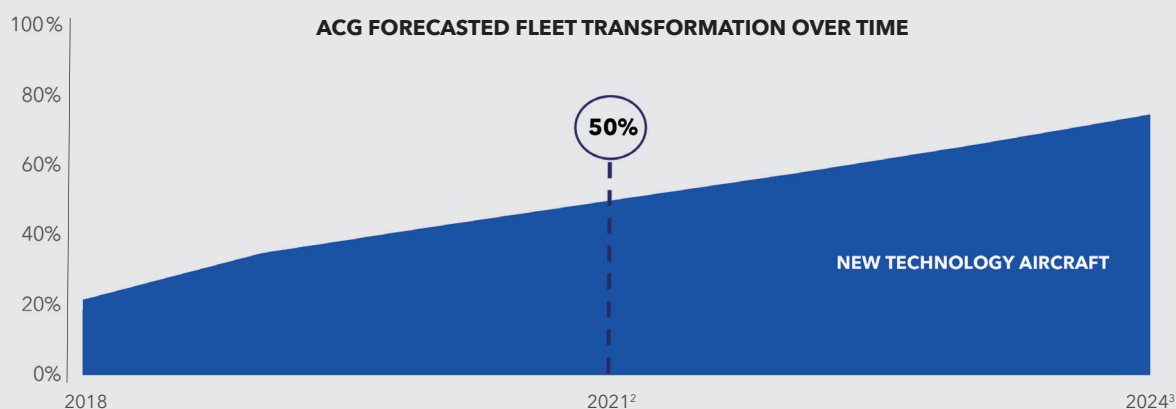
5.7 YRS



WEIGHTED AVERAGE AGE OF OUR
OWNED FLEET AT YEAR-END 2021



**COMPARED TO THE AVERAGE
COMMERCIAL IN-SERVICE
FLEET AGE OF 12.1 YEARS¹**



3 KEY PILLARS TO ACHIEVING OUR FLEET TRANSFORMATION

ACTIVE PORTFOLIO MANAGEMENT



Our ambition is to gradually divest out of older technology assets while investing in new technology aircraft. This strategy will enable us to maintain a young and fuel efficient fleet.

AIRCRAFT RECYCLING



ACG maintains a young fuel-efficient fleet, however, some owned and managed aircraft are held in the portfolio until retirement. Upon redelivery of the aircraft, ACG works with best-in-class vendors to dispose of the aircraft. In this case, ACG's partners will recycle the airframe in an environmentally conscious manner and will lease out the engines for further usage until they are ready to be recycled.

NEW TECHNOLOGY ORDERBOOK



ACG has committed to acquiring 133⁴ new technology aircraft worth over \$7 billion. Our new technology orderbook will continue to drive down emissions and increase the proportion of new technology aircraft in our fleet.

¹ Source: Ascend

² As of December 31, 2021

³ Based on internal ACG forecasts of owned aircraft

⁴ As of June 30, 2022

COMMITMENT TO NEW TECHNOLOGY

New technology aircraft bring together state-of-the-art aerodynamics, advanced material and engine technology to improve fuel efficiency while reducing noise and other harmful emissions.

We continue to support our airline customers on their decarbonization journeys and believe our new technology aircraft and orderbook will play an important role in meeting the industry's net-zero carbon emissions targets by 2050.

Aircraft design and operational improvements are the immediate paths towards enabling the aviation industry to meet 2050 net-zero targets.

100% of our orderbook consists of fuel-efficient, new technology narrowbody aircraft with a global focus on environmental sustainability.

NEW TECHNOLOGY FLEET COMPOSITION

	FUEL CONSUMPTION Up to 25% lower fuel burn & CO ₂ emissions per seat ¹	NITROGEN OXIDE Up to 40% below CAEP/8 ¹	NOISE POLLUTION Up to 18 EPNdB margin to Chapter 4 ¹ Up to 50% lower noise footprint ¹
AIRBUS A220 FAMILY			
	FUEL CONSUMPTION Up to 20% lower fuel burn & CO ₂ emissions per seat ¹	NITROGEN OXIDE Up to 49% below CAEP/8 (PW) ¹ Up to 43% below CAEP/8 (CFM) ¹	NOISE POLLUTION Up to 20 EPNdB margin to Chapter 4 ¹ Up to 50% lower noise footprint ¹
AIRBUS A320neo FAMILY			
	FUEL CONSUMPTION Up to 25% lower fuel burn & CO ₂ emissions per seat ¹	NITROGEN OXIDE Up to 23% below CAEP/8 ¹	NOISE POLLUTION Up to 22 EPNdB margin to Chapter 4 ¹ Up to 50% lower noise footprint ¹
AIRBUS A350			
	FUEL CONSUMPTION Up to 20% lower fuel burn & CO ₂ emissions per seat ²	NITROGEN OXIDE Up to 26% below CAEP/8 ²	NOISE POLLUTION Up to 40% lower noise footprint ²
BOEING 737 MAX			
	FUEL CONSUMPTION Up to 31% lower fuel burn & CO ₂ emissions per seat ²	NITROGEN OXIDE Up to 53% below CAEP/8 ²	NOISE POLLUTION 50% lower noise footprint ²
BOEING 787			

¹ Source: Airbus

² Source: Boeing

COMMITMENT TO NEW TECHNOLOGY

ACG not only incorporates new technology aircraft into its fleet, but also evaluates its existing fleet for technological improvements that may be made

throughout each aircraft's life. These incremental technology improvements contribute to CO₂ emissions reduction within the ACG fleet.

IMPROVING OUR EXISTING FLEET



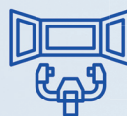
NEWER LIGHTWEIGHT SEATS

Newer lightweight seats from our key suppliers can save up to **~2.4 Kg's** per passenger place when compared to older generation seats. That equates to annual fuel savings of **~51 tonnes** or a reduction in CO₂ emissions by **~161 tonnes per aircraft**.¹



SPACEWALL™ LAVATORY

ACG and **Collins Aerospace** were technical partners in developing the 737NG and 737 MAX "SpaceWall™" Lavatory, which is **50% lighter than previous generations**, with increased reliability and maintainability and reduced CO₂ emissions over the life of the aircraft.¹



FLIGHT MANAGEMENT COMPUTERS & SOFTWARE

Improvements in flight management computers and software allow aircraft to operate improved flight profiles, with efficiencies found in the climb and descent phases of flight. This can produce up to **1% savings** in total trip fuel.²



WEATHER RADAR TECHNOLOGY

Improvements in weather radar technology allow optimized re-routing in the event of adverse weather, which is estimated to save more than **1% fuel burn** per aircraft annually.²



FLIGHT PATH ROUTING

Installation of ADS-B OUT (DO-260B) and CPDLC enables **improved flight path routing**, not only allowing better air traffic management, but also shorter flights, fuel savings and less congestion, reducing the noise impact for residential areas below.¹

¹ Source: Collins Aerospace - Sustainability at Collins Aerospace - White Paper 2022 PAX Count and A/C Considered - 189Y/C 737-800 Annual Flight Hours based on 3200 FH - as considered by the AWG Carbon Calculator

² Source: Collins Aerospace - Redefining Aerospace for sustainable Aviation - Discussion with ACG on January 20, 2022

FUTURE OF AVIATION

In February 2022, ACG announced an agreement in principle with Volocopter to develop financing solutions that will assist with the sale of Volocopter's family of electric vertical take-off and landing ("eVTOL") aircraft for up to \$1 billion.



Volocopter has differentiated itself within the eVTOL market by being one of the most advanced in design, manufacturing, operational outlook and continuously achieving essential certification milestones.

Volocopter's vision is to build an Urban Air Mobility ("UAM") network alleviating urban ground congestion, producing zero in-flight emissions and having a holistic approach towards long-term sustainability while

maintaining the social positives provided by air travel.

Tokyo Century, an equity investor in Volocopter, and ACG are committed to reducing the environmental impact of the aviation industry and working towards a cleaner and more sustainable future in aviation, including through this partnership with Volocopter to help develop and scale Urban Air Mobility.

THE VOLOCOPTER FLEET

There is a demand for UAM in order to reduce city wide congestion, road traffic pollution and infrastructure demanding city space.

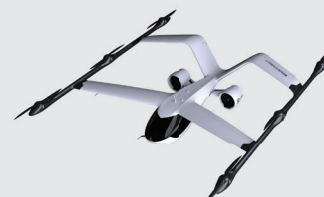
- The Volocopter eVTOL fleet is all-electric, which means the aircraft produce zero emissions in flight and Volocopter commits to sourcing green electricity for aircraft operations. This results in a substantial reduction of CO₂ emissions when compared to traditional "internal combustion" powered vehicles.
- The Volocopter aircraft uses swappable battery packs and the battery life is managed by its digital backbone, the VoloIQ. This cloud-based system is in development to track the state of health of each battery pack and help increase the average life of battery operation, contributing to overall sustainability.
- The VoloCity eVTOL - when compared to an equivalent sized rotorcraft - is approximately 4 - 5x quieter when flying overhead.¹



VOLOCITY



VOLODRONE



VOLOCONNECT

¹ Source: Volocopter White Paper 2.0. Volocopter Noise Measurements taken during testing campaign with EASA

ENVIRONMENTAL INITIATIVES

AIRBUS SAF FUND

In December 2021, ACG agreed to support a multi-million dollar SAF fund established by Airbus.

The fund is designed to identify and provide financial investment for emerging environmental sustainability projects that will shape the future of sustainable aviation fuel development.



THE LATEST IN NEW TECHNOLOGY - THE A220

In February 2022, ACG finalized its order of 20 Airbus A220 aircraft – the latest, clean-sheet, fuel-efficient aircraft in the Airbus Family. ACG was one of the first lessors that introduced the A220 family aircraft as part of its orderbook.¹

When compared to previous generations of aircraft operating in the same sector, the A220 represents a new standard for fuel efficiency, lower emissions and reduced noise levels in aviation.¹

The A220 bridges the gap between regional aircraft and the larger single-aisle family aircraft that has opened new regional and long-range routes – connecting areas across the globe and bringing people closer than ever before.

The addition of the A220 family to the ACG fleet exemplifies ACG's commitment to new, fuel-efficient, quieter aircraft.



UP TO 25% LOWER FUEL BURN AND CO₂ EMISSIONS¹



40% NOx MARGIN AND CAEP/8 EMISSIONS¹



18 EPNdB CUMULATIVE NOISE MARGIN WITH 50% SMALLER NOISE FOOTPRINT¹



ICAO CHAPTER 4 AND 14 NOISE STANDARDS¹



¹ Source: Airbus

ENVIRONMENTAL INITIATIVES

ENVIRONMENTAL SUSTAINABILITY WHERE WE WORK

The following initiatives have been introduced across ACG to reduce, recycle and reuse.

THINK BEFORE YOU PRINT

Raising awareness of paper waste – both internally and when recipients outside of ACG receive emails from ACG employees

ACG PROMOTES ENVIRONMENTAL RESPONSIBILITY



GOING PAPERLESS

Employees signed up to “paperless payslips” to further increase reductions in paper wastage



IT EQUIPMENT DISPOSAL

ACG's IT equipment turnover policy aims to recycle components and, where possible, donate equipment to a charitable organization



REUSABLE DRINKING CUPS

U.S.-based employees were given re-usable drinking cups to use in lieu of disposable cups in the office, cutting down on waste



LOCALLY SOURCED PRODUCE

The fruit selections provided are locally sourced or farmed by suppliers that operate sustainable and ethical business practices



ENVIRONMENTAL INITIATIVES

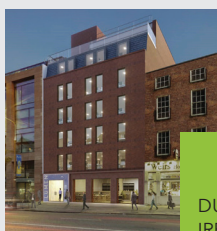
ENVIRONMENTAL SUSTAINABILITY WHERE WE WORK

ACG's offices are focused on operational sustainability and support the company's aim of reducing our carbon footprint. Across our main office locations, the following environmental accreditations and initiatives have been introduced by the building owners:



NEWPORT
BEACH
USA

- **LEED GOLD** - providing a framework for healthy, energy efficient and cost-saving green buildings
- **Energy Star Partner** - saving energy in business through energy efficient products and practices
- **Hybrid Electric Charging Points** - provides access to fast electric charging for hybrid electric vehicles
- **Recycling** - proper waste management of recyclable disposals, leading to less landfill and overall environmental harm
- **Go-Green** - encourages employees and partners to reduce usage of physical paper



DUBLIN
IRELAND

- **Water Conservation & Recovery** - 100% self-reliance for landscape irrigation
- **Building Energy Rating ("BER")** - B1
- **Recycling** - 53% of waste is diverted away from landfills
- **Energy Consumption** - electricity consumption at the ACG Ireland office comes from 100% renewable sources



BELLEVUE
USA

- **LEED Platinum Certified** - providing a framework for healthy, energy efficient and cost-saving green buildings
- **Energy Start Partner** - saving energy in business through energy efficient products and practices
- **Fitwell** - supporting healthier workplace environments to help improve occupant health and productivity
- **WELL Health Safety Rated** - focusing on cleaning and sanitization procedures, air and quality management and emergency preparedness programs
- **Recycling** - proper waste management of recyclable disposals, leading to less landfill and overall environmental harm.
- **Honey Bee Initiative** - adopting 325,000 honey bees and harvesting 460 pounds of honey with 16 beehives on the rooftop



SINGAPORE

- **BCA Green Mark Certified** - providing a framework for healthy, energy and water efficient, environmentally friendly buildings



2021 UPDATE



OUR PEOPLE

INCLUSIVE CULTURE & ENGAGEMENT

CORPORATE SOCIAL RESPONSIBILITY AND COMPANY CULTURE

ACG puts corporate social responsibility at the forefront of its priorities. We focus on our employees and our communities. Knowing that our employees are the core stakeholders in our success, ACG is proud of our diverse workplace, inclusive culture and competitive perks and benefits packages. ACG is in the fortunate position of being able to contribute to its communities, and we accomplish this through community service events, charitable giving and incentive programs that encourage our employees to give back.



BENEFITS & WELLNESS



BENEFITS

ACG provides a competitive benefits package and generous retirement benefits to help retain its number one asset - its employees.

- We offer top-of-the-line health benefits, including several options for medical, dental and vision plans, Health Savings Accounts, Flexible Spending Accounts, Employee Assistance Programs and employer-paid life and disability insurance.
- We provide education reimbursement, professional licensing fee coverage, promotion plans and access to thousands of online training programs.
- We also offer a generous retirement plan with employer matching and discretionary employer contributions.



WELLNESS

We provide resources to help our employees maintain a strong and balanced work environment and mental mindset.

- Monthly wellness newsletters to educate employees on various wellness topics, including physical and mental exercises.
- Our hybrid work-from-home schedule helps our employees maintain a healthy work-life balance.
- We stay up-to-date with the latest CDC guidelines on COVID-19 protocols and best practices and adjust our policies accordingly.



MORALE

ACG prioritizes employee morale to keep its employees motivated and acquire and retain talent.

- We host frequent employee appreciation events and quarterly social gatherings.
- Our referral program provides bonuses to employees for their hired referrals.
- We offer competitive pay and transparency around annual bonus targets.

ACG GOES TO TOP GUN: MAVERICK

ACG rented out a theater so its Newport Beach employees could enjoy a private screening of Top Gun: Maverick



DIVERSITY, EQUITY & INCLUSION

GEOGRAPHIC DIVERSITY

With offices in the United States, Ireland and Singapore, employees working in seven countries, and a workforce representing over fifteen nationalities, ACG operates in diverse communities throughout the world. This diversity resonates in our workplace and amongst our customers and our suppliers. ACG strives to create a workplace environment where employees treat each other with mutual respect and encourage different perspectives while embracing one another's differences.



ACG supports diversity, equity and inclusion for all employees. Our DE&I policy is designed to make ACG employees think about the impact of unconscious bias on their relationships and consider situations where they can act and respond in a more open-minded manner. ACG also provides various training and development programs, such as mandatory anti-harassment training.



DIVERSITY, EQUITY & INCLUSION

EMPLOYEE STATISTICS¹

123



ACG HEADCOUNT (includes secondees)

83%

U.S.

17%

INT'L

17



NEW HIRES IN 2021

76%

U.S.

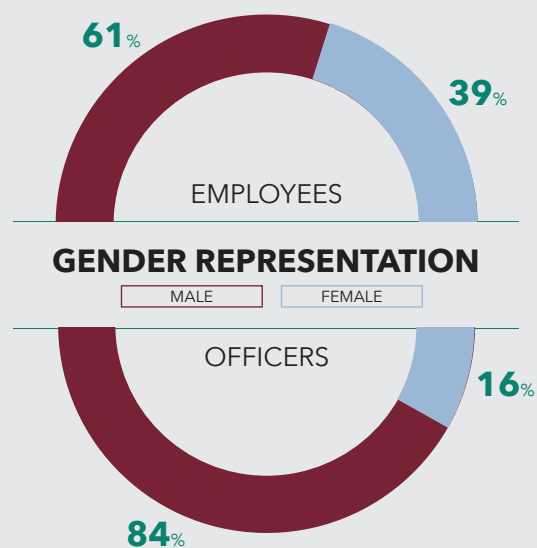
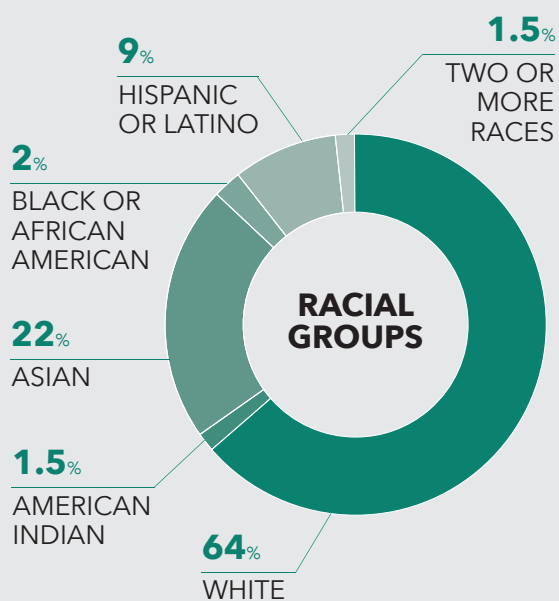
24%

INT'L

7.5 YRS



AVERAGE YEARS OF SERVICE



¹ Includes secondees and excludes temps or contractors

MEMBERSHIPS

ACG holds a leading position¹ within the Aviation Working Group ("AWG") and the Sustainability Working Group of Aircraft Leasing Ireland ("ALI"), and it is also a member of the Aviation Climate-Aligned

Finance ("CAF") Industry Consultation Group - working within these groups to shape policy and direction of the path to environmental sustainability within aviation.

THE AVIATION WORKING GROUP

The Aviation Working Group is a not-for-profit legal entity comprised of major aviation manufacturers, leasing companies and financial institutions that contributes to the development of policies, laws and regulations that facilitate advanced international aviation financing and leasing.²

The AWG is dedicated to assessing, directing and implementing environmental, social and governance methods, metrics, tracking and reporting in the context of aviation financing and leasing.

To date, the AWG has developed a free-to-use Carbon Emissions Calculator and is actively engaged with the European Union on green financing and taxonomy within the aviation sector.

ACG plays a prominent role in the AWG and its ESG Review and Assessment Group.¹

AVIATION CLIMATE-ALIGNED FINANCE INDUSTRY CONSULTATION GROUP

The Aviation Climate-Aligned Finance Working Group aims to establish an aviation-specific target setting framework for financial institutions. This climate-aligned finance agreement will be explicitly designed to meet the target setting requirements of the Net Zero Banking Alliance.³

The CAF Working Group aims to engage with the Industry Consultation Group (of which ACG is a part) to ensure robust policy and direction, supporting its decarbonization goals without impacting business practices within the aviation sector.

The CAF Industry Consultation Group is made up of aircraft OEMs, lessors and operators.



¹ ACG is represented in the AWG through its Executive Vice President and General Counsel, and in the ALI Sustainability Working Group through its Senior Vice President, Head of Aircraft Trading

² Source: The Aviation Working Group - www.awg.aero

³ Source: Center for Climate Aligned Finance - Aviation Climate-Aligned Finance Working Group - Industry Group Terms of Reference

MEMBERSHIPS

AIRCRAFT LEASING IRELAND

Aircraft Leasing Ireland is the trade group representing the aircraft leasing industry in Ireland. It is a constituent part of Financial Services Ireland and Ibec, the only trade association that represents the totality of the financial services sector in Ireland. The association represents over 30 aircraft lessors, including 18 of the world's top 20, and the majority of the global lessor-owned fleet.¹

The primary aim of ALI is to work collaboratively with the Irish government, the European Union and other state agencies to ensure that Ireland retains its position as the leading global hub for aircraft leasing.

A core strategic focus for ALI is sustainability in aviation, engaging in and influencing policy-making to support net-zero CO₂ emissions in aviation by 2050. ALI is committed to raising awareness of ESG within aviation and supporting its members in developing their ESG strategies, as well as promoting and influencing cross-industry collaboration and investment in the drive to net-zero.

ACG'S ALI REPRESENTATION

ACG is represented on the ALI council by ACG's SVP, Head of Aircraft Trading, and MD of ACG Ireland, Robert Downes.



Among other representative work with ALI, Robert sits on the ALI Sustainability Committee, where he is part of the Sustainability Working Group ("SWG"), which is responsible for leading all of the ALI sustainability initiatives.

As part of this working group, Robert was a leading contributor to the ALI Sustainability Narrative, published in January 2022.

The ALI SWG continues to drive various initiatives identified in the narrative, including the launch of the ALI Sustainability Charter, the establishment of an annual ALI Sustainability Day (to bring together key stakeholders from across the industry), the launch of an Ireland-based SAF production project supported by the leasing sector, and proactive engagement with leading academic institutions seeking collaboration on sustainability projects and education.



¹ Source: www.ibec.ie - Aircraft Leasing Ireland

COMMUNITY INVESTMENT

CHARITIES & COMMUNITIES

ACG encourages employees to give back to the community with time and contributions, whether it be volunteering to assist at philanthropic events, fundraising, or donating goods or monetary aid.

For years, ACG has proudly supported and financially contributed to dozens of charitable organizations throughout the world.

Our commitment to the community is to give back where we can. ACG's Helping Hands is a working group formed to plan, coordinate and implement community service opportunities for ACG employees. Helping Hands holds events at least quarterly and employees are encouraged to volunteer.

ACG has a "Charitable Matching Program" that provides a monetary match of 100% of an employee's donation up to a specified limit to qualified charities of the employee's choice.

To further incentivize our employees to give back, we have implemented a "Volunteer Time Off" program where employees are given eight hours of paid time off each year to volunteer at a valid 501(c)(3) company.



COMMUNITY INVESTMENT

ACG - AIRLINK PARTNERSHIP

ACG is a “Silver Level” sponsor of Airlink. This rapid-response nonprofit organization coordinates with airlines and non-governmental organizations to provide free and heavily subsidized airlift to a network of over 130 humanitarian relief nonprofit organizations supporting communities in the aftermath of natural and man-made disasters worldwide. Through this sponsorship, ACG pledged its support to Airlink.

In 2022, Airlink held a campaign to raise funds to deliver critical aid and responders to help refugees from Ukraine. Through generous employee donations and ACG’s Charitable Matching Program, ACG made a significant contribution to this campaign and helped Airlink reach its goal.



ACG - ISTAT FOUNDATION D&I FUND

In June 2022, ACG and the International Society of Transport Aircraft Trading (“ISTAT”) Foundation established a Diversity and Inclusion Fund (the “Fund”).

Funded by ACG and managed by the ISTAT Foundation, the Fund will focus on providing scholarships, internships and other education, networking, mentoring and career resources to aviation-focused students in Africa and female aviation-focused students in South America. In addition, universities in these regions developing STEM-related programs to support students toward an entry into aviation can benefit from this Fund.

The Fund aims to break down barriers that these diverse scholars would typically face, helping them enter and succeed in the aviation industry.



COMMUNITY INVESTMENT

SUPPORTING WOMEN IN OUR INDUSTRY

ACG is a proud sponsor of Advancing Women in Aviation Roundtable, a non-profit that supports the development and advancement of women leaders in the aviation industry.

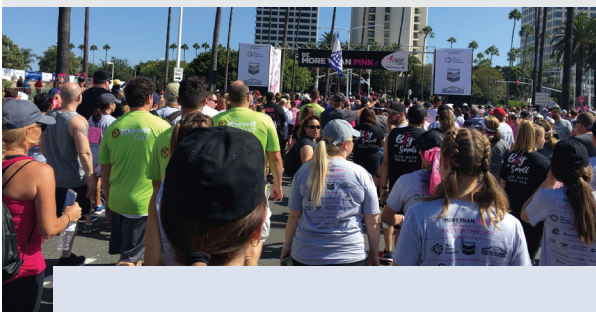
Several of ACG's female employees have attended the Women in Aerospace Conference, hosted by Pacific Northwest Aerospace Alliance.



COMMUNITY INVESTMENT

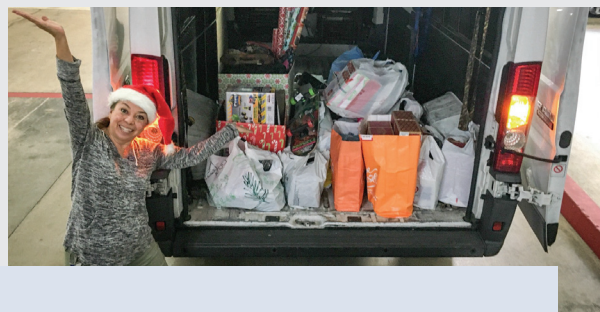
WHERE ACG GIVES BACK

In May 2022, ACG was recognized by the Association for Corporate Growth, Orange County division, when ACG became one of three finalists for the "Corporate Responsibility" award, an award given to a company that contributed to the community in a significant way in 2021.



SUSAN G. KOMEN'S RACE FOR THE CURE

Every September since 2008, ACG has participated in the Susan G. Komen Race for the Cure. We raise donations for this cause through office events. These donations have supported breast cancer research and resources in our community.



ORANGEWOOD CHILDREN AND FAMILY CENTER

In December 2021, ACG's Newport Beach office held a gift drive and filled its break room with gifts and gift cards for this local charity that provides emergency resources for children who have been abused, abandoned and/or neglected.



CHILDREN'S HOSPITAL OF ORANGE COUNTY ("CHOC")

In February 2022, ACG ordered Valentine's Day cards from the KidsArt department of CHOC, where the hospital's youth patients are the artists, and 100% of the proceeds go to this non-profit hospital.



SURFRIDER FOUNDATION

In June 2022, ACG employees and their guests kayaked around Huntington Harbour while collecting trash, contributing to a cleaner and healthier coastline.



2021 UPDATE

OUR CONDUCT

GOVERNANCE OVERVIEW

KEEPING THE STAKEHOLDERS' INTEREST AS A TOP PRIORITY

The foundation of ACG is its strong corporate culture and commitment to governance practices that ensure an environment of responsibility, ethically-sound decisions, efficiency and diversity. These values are demonstrated in the decisions of our Board; the management of the company; the hiring and training of our employees; and our relationships with customers, vendors and business partners.

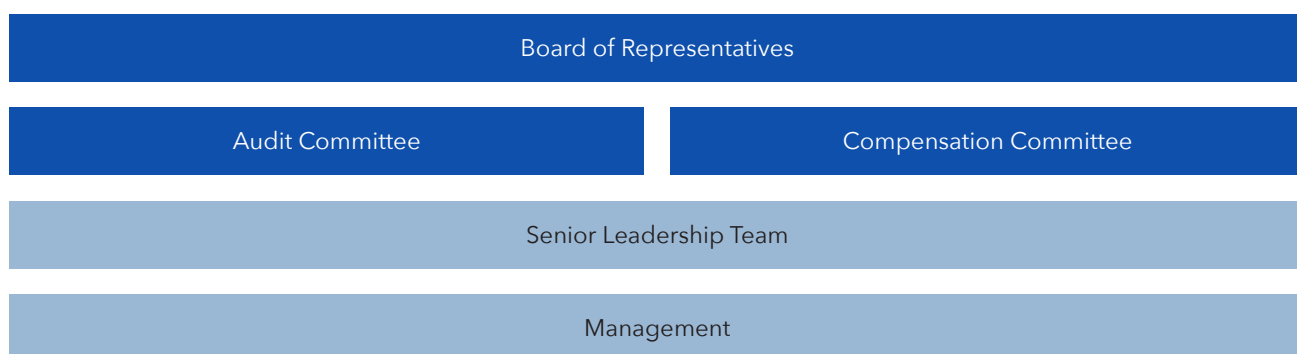


BOARD ENGAGEMENT

ACG's Board of Representatives is comprised of five members. Keeping the stakeholders' interest as a top priority, the Board oversees that the operations and management of ACG are competent, ethical and inclusive. At the Board level, the Compensation Committee evaluates the fair, equitable and competitive compensation practices for ACG; and the Audit Committee assists the Board in fulfilling its responsibility for oversight of the quality and integrity of ACG's financial statements, the

independence, qualifications and performance of ACG's independent auditors, internal audit activities, internal control systems and compliance with legal and financial regulatory requirements.

ACG's Senior Leadership Team ("SLT") is comprised of the most senior management of ACG, including our Chair, Chief Executive Officer & President, Chief Financial Officer, General Counsel and the head of each department.



GOVERNANCE AND ESG

The ESG Working Group collaborates with the ESG Leader, a designated SLT member who provides input on ESG initiatives and strategies, to prepare proposals and updates to SLT.

- The ESG Working Group considers any environmental, social and/or governance impact of all of its initiatives while forming them.
- All ESG initiatives are approved by SLT and, as necessary, the Board.
- ESG updates are presented to the Board on a quarterly basis, providing the Board with oversight over ESG initiatives and strategies.



BOARD ENGAGEMENT

ACG is managed by a Board of Representatives that is currently comprised of five members, consisting of the Chief Executive Officer of ACG and four members that ACG's parent company has the right to designate.

The Representatives have extensive combined experience and expertise in the aviation industry

as well as in financing, risk management, corporate governance and executive management.

ACG prides itself in having a diverse Board, with a woman serving as Chair and members of varying national origins.

The Board, collectively, has over 140 years of extensive aviation and corporate business knowledge.

Mahoko Hara
Executive Chair, ACG



Thomas G. Baker
Chief Executive Officer & President, ACG



Ko Nakagawa
Managing Executive Officer, Chief Compliance Officer and President of the Credit Supervision, Risk Management and Legal Units, Tokyo Century



Yoshihiro Ueda
Managing Executive Officer, General Manager of Tokyo Century's Aviation Finance Division, Tokyo Century



Anthony Diaz
Chairman of Zephyrus Aviation Capital and Operating Partner at Virgo Investment Group



Audit Committee



Compensation Committee



Independent Board Member



BOARD ENGAGEMENT



Mahoko Hara has been the Executive Chair of ACG since December 2019. Prior to the sale of ACG to Tokyo Century, Ms. Hara served as a Director of Aviation Capital Group Holdings, Inc., the former managing member of ACG, from December 2017 to December 2019. Ms. Hara is the Senior Managing Executive Officer in charge of the Specialty Finance Business Development Unit and Deputy President of Specialty Finance Business Unit I to Tokyo Century. She is responsible for the strategic development of Tokyo Century's specialty finance businesses with particular focus on aviation. Ms. Hara joined Tokyo Century in 2011 and was promoted to Executive Officer in April 2013, Managing Executive Officer in April 2016, Senior Managing Executive Officer in April 2020 and was appointed to the Board of Directors of Tokyo Century Corporation in June 2022. She also serves as a Director of TC Skyward Aviation and GA Telesis, LLC. Prior to joining Tokyo Century, Ms. Hara spent five years each with Shinsei Bank and Citibank specializing in structured credit and asset finance. Prior to these roles, Ms. Hara spent over 13 years with the Dai-ichi Kangyo Bank (now Mizuho Bank), holding a variety of roles in corporate and investment banking, including five years in the London and New York offices. Ms. Hara holds a B.A. in International Relations from Tsukuba University and a certificate in Leadership and Management from UCLA Anderson School of Management.



Thomas G. Baker is our Chief Executive Officer and President, and he has been a Representative of ACG since November 2020. Prior to being appointed Chief Executive Officer and President in November 2020, Mr. Baker served as Executive Vice President and Chief Revenue Officer, with responsibility for leading ACG's Sales and Marketing, Trading, Technical and Aircraft Financing Solutions teams. Mr. Baker joined ACG in June 2016 as Senior Vice President, Strategy & Analytics, and his primary responsibilities in this role included corporate strategy; financial planning & analysis; and investor relations. Prior to joining ACG, Mr. Baker worked for Goldman Sachs' Investment Banking Division, where he covered clients in the Aviation & Transportation Sectors since 2006. In this role, he advised clients on strategic priorities, capital structure optimization, equity and debt issuance, mergers and acquisitions, as well as managed relationships with key sector investors. From 2012-2014, he was head of the Asia (ex-Japan) Transportation coverage group for Goldman Sachs in Hong Kong, where he worked on debt and equity financings in the aviation and transportation sectors. Prior to Goldman Sachs, Mr. Baker spent a number of years at Citigroup in investment banking and Morgan Stanley in equity research. Mr. Baker holds a B.A. from Brown University and an M.B.A. from the Massachusetts Institute of Technology Sloan School of Management.



Ko Nakagawa has been a Representative of ACG since December 2019. Mr. Nakagawa serves as Managing Executive Officer of Tokyo Century, where he is the Chief Compliance Officer and President of the Credit Supervision Unit, the Risk Management Unit and the Legal Unit. He also serves as the chair of Tokyo Century's Comprehensive Risk Management Committee and Credit Risk Management Committee. Since joining Tokyo Century in 2010, Mr. Nakagawa has worked in various business areas including corporate finance and automobile finance. He was promoted to Executive Officer in April 2017 and to Managing Executive Officer in April 2021. Prior to joining Tokyo Century, Mr. Nakagawa spent over 28 years with the Mizuho Financial Group (originally Dai-ichi Kangyo Bank) where he held various senior positions overseas for 12 years, including six years in the New York and Los Angeles offices. He has also served as executive vice president of DKB California and General Manager of Foreign Exchange Business Department of Mizuho Corporate Bank. Mr. Nakagawa received a B.A. in Economics from Keio University.

BOARD ENGAGEMENT



Yoshihiro Ueda has been a Representative of ACG since June 2022. Mr. Ueda joined Tokyo Century in May 2015 and currently serves as the Managing Executive Officer of Tokyo Century, where he is focused on assisting Tokyo Century with expanding its aviation financing business. He is the General Manager of Tokyo Century's Aviation Finance Division in Specialty Finance Business Unit I, and his team is responsible for providing operating and financing leases, JOLCO structures, secured debt financing and inventory financing. Prior to joining Tokyo Century, Mr. Ueda spent over 30 years with Mizuho Bank and its predecessor, Dai-ichi Kangyo Bank, or DKB, where he held various senior positions, including the General Manager of the Corporate Finance Division. While at Mizuho Bank, Mr. Ueda played a pivotal role in arranging financing for real estate-related projects and loan syndications, and he was the head of the Aviation Finance Team of DKB for ten years, with responsibility for structured financing and loan transactions. Mr. Ueda serves as a Director of TC Aviation Capital Ireland Ltd., TC Aviation Capital UK Ltd., TC Skyward Aviation U.S., Inc., TC Skyward Aviation Ireland Ltd. and GA Telesis, LLC. Mr. Ueda holds a B.A. degree in Commerce and Management from Hitotsubashi University.



Anthony Diaz has been a Representative of ACG since February 2020. Mr. Diaz has served as the Chairman of Zephyrus Aviation Capital, an aircraft leasing company, since September 2018, and he has been an Operating Partner at Virgo Investment Group since May 2017. Mr. Diaz was previously President of CIT Aerospace, a company providing commercial aircraft leasing solutions, where he held various positions with subsidiaries and affiliates of CIT Aerospace from 1987 through 2017. Prior to joining CIT, Mr. Diaz held a variety of operational and financial positions with People Express Airlines (which was subsequently merged into Continental Airlines) from 1981 to 1987. Mr. Diaz served as a Director of CIT Aerospace International Ltd. He holds a B.S. degree from Embry-Riddle Aeronautical University and an Associate of Science degree from the State University of New York at Farmingdale.



LEADERSHIP TEAM

SLT helps guide and direct the company in day-to-day business decisions through its strong, diverse and collaborative leadership. SLT ensures that each

ACG employee demonstrates the Company's core values and is committed to its overall success.

Our SLT members have an average of over 25 years of relevant experience.¹



Mahoko Hara
Executive Chair



Thomas G. Baker
CEO & President



Madhu Vijay
EVP & Chief Financial Officer



James A. Zembruski
EVP, General Counsel & Secretary



Takamasa Marito
Executive Vice President



Carter White
SVP & Chief Revenue Officer



Steve Udvar-Hazy
SVP & Chief Procurement Officer



Patrick J. Ryan
SVP & Chief Technical Officer



Elizabeth Stevens
SVP Human Resources, IT & Communications



¹ Relevant experience consists of tenure in careers that provided material knowledge and skills used in current role

COMPLIANCE & POLICIES

To maintain its core values, ACG requires its employees to participate in a variety of training workshops (some on an annual basis) and acknowledge certain policies to ensure the company remains in compliance and is ethical, inclusive and professional in all of its business endeavors.

There were **zero** material employee violations of law reported to or discovered by ACG in 2021.

WHISTLEBLOWER POLICY

ACG has a strict policy that prohibits retaliation against employees who make reports that ACG is in violation of a city, state or federal statute, or violating or not complying with a rule or regulation. ACG offers an anonymous hotline and a website where employees can report concerns.

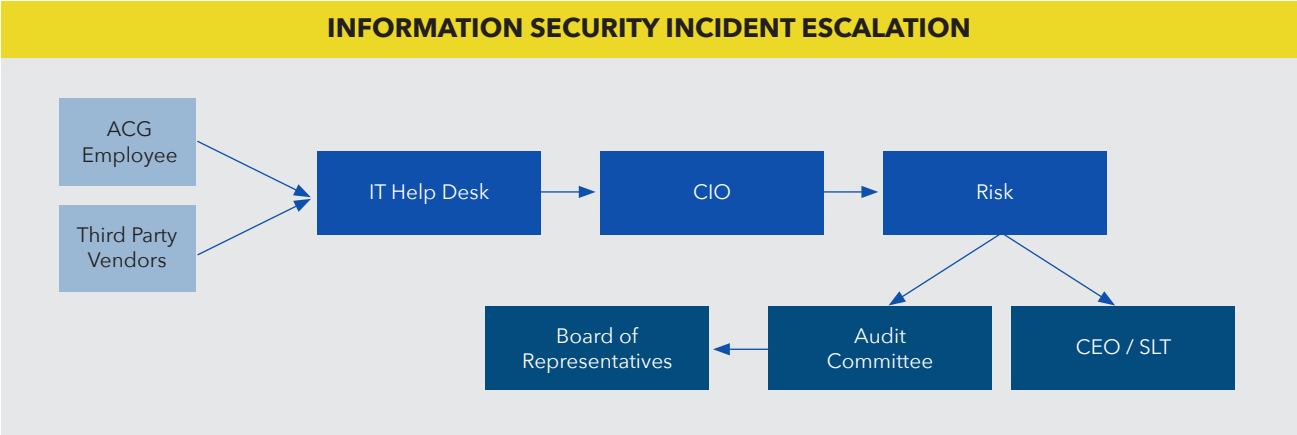


INFORMATION SECURITY

ACG places a high priority on protecting our company and employees from the risks of cybersecurity. All employees are trained to identify and respond to various cybersecurity threats. ACG is committed to implementing controls following the National Institute of Standards and Technology ("NIST") standards.

ACG employs third-party specialists to perform penetration testing quarterly. The organization uses tabletop exercises to prepare and train for a cybersecurity event.

Our Code of Conduct requires that all employees protect ACG's confidential information.





2021 UPDATE



GRI INDEX

GRI CONTENT INDEX

2016 GRI STANDARD	DISCLOSURE	ACG RESPONSE
102-1	Name of the organization	Aviation Capital Group LLC
102-2	Activities, brands, products and services	4: Business at a Glance 5: About this Report 9-10: Sustainable Aviation 11-12: Industry Engagement 13: Fleet Transformation 14-15: Commitment to New Technology 16: Future of Aviation 17-19: Environmental Initiatives
102-3	Location of headquarters	4: Business at a Glance
102-4	Location of operations	4: Business at a Glance
102-5	Ownership and legal form	4: Business at a Glance
102-6	Markets served	4: Business at a Glance
102-7	Scale of the organization	4: Business at a Glance Please see ACG's Consolidated Financial Statements (https://www.aviationcapitalgroup.com/investors/)
102-8	Information on employees and other workers	24: Diversity, Equity & Inclusion
102-9	Supply chain	11: Industry Engagement
102-10	Significant changes to the organization and its supply chain	11: Industry Engagement
102-13	Membership of associations	25-26: Memberships 29: Community Investment
102-14	Statement from senior decision-maker	3: A Word from our CEO
102-16	Values, principles, standards and norms of behavior	10: Sustainable Aviation 21: Inclusive Culture & Engagement 32: Governance Overview
102-17	Mechanisms for advice and concerns about ethics	38: Compliance and Policies
102-18	Governance structure	6: ESG Approach 33: Board Engagement
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GRI CONTENT INDEX

2016 GRI STANDARD	DISCLOSURE	ACG RESPONSE
102-20	Executive-level responsibility for economic, environmental and social topics	33: Board Engagement
102-22	Composition of the highest governance body and its committees	33: Board Engagement
102-23	Chair of the highest governance body	34: Board Engagement
102-24	Nomination and selecting the highest governance body	34: Board Engagement
102-26	Role of the highest governance body in overseeing the management of impacts	33: Board Engagement
102-45	Entities included in the financial statements	Please see ACG's Consolidated Financial Statements (https://www.aviationcapitalgroup.com/investors/)
102-50	Reporting period	5: About this Report
102-51	Date of most recent report	5: About this Report
102-52	Reporting cycle	5: About this Report
102-53	Contact point for questions regarding the report	5: About this Report
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of strategy, plans or intentions; or by their context. Actual results are subject to risks and uncertainties that could cause actual results to differ materially from those expressed or implied in the forward-looking statements. These risks may be increased or intensified as a result of the COVID-19 pandemic, including if there are continued resurgences of the COVID-19 virus, and by the impact of sanctions imposed in connection with the Russian invasion of Ukraine. The extent to which these events ultimately impact our business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted.

The information contained in this document refers to ACG and its owned portfolio of aircraft (unless aircraft managed by ACG are noted as included) and does not include aircraft financed or guaranteed through ACG's Aircraft Financing Solutions program. All information is as of December 31, 2021, unless otherwise indicated. ACG does not undertake any obligation to update the information contained herein. Please note that in providing this information, ACG has not considered the objectives, financial position or needs of any reader. The reader should not construe this information as investment, legal, accounting or tax advice, and should obtain and rely on the reader's own professional advice from its tax, legal, accounting and other professional advisers.



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