

ENVIRONMENTAL, SOCIAL & GOVERNANCE REPORT



2025


elfc

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INTRODUCTION

elfc continues to demonstrate its dedication to sustainability, social responsibility, and robust governance practices. As a global leader in aircraft engine leasing, we recognise the pivotal role we play in shaping the future of the aviation industry, making it more sustainable and resilient. Moving forward, elfc is committed to advancing our ESG initiatives by setting ambitious goals, encouraging innovation, and collaborating with industry partners. Our 2025 ESG report details our progress, challenges, and future plans, reaffirming our commitment to creating lasting value for our customers, employees, shareholders, community and the environment. elfc is proud of the progress we have made and is excited about the opportunities that lie ahead.

GOING FURTHER TOGETHER

PRESIDENT & CEO MESSAGE



Richard Hough - President & CEO

Commercial aviation plays a vital role in connecting people, cultures and economies across the globe. It enables fast and efficient travel and promotes social inclusion by making travel accessible to more people. It supports family reunification, global education and cultural exchange and plays a key role in providing urgent disaster response and the delivery of humanitarian aid. In addition, commercial aviation drives economic development by linking even the most remote regions, strengthening ties between nations and communities and fostering a more interconnected and related world. There is no denying that commercial aviation contributes to global carbon emissions, however, the industry is actively pursuing more sustainable practices through constant innovative research into better fuel efficiency and cleaner technologies.

At elfc, we believe that long-term success is not just measured by financial performance but by the positive impact we make on people, communities and the planet. In a world of increasing environmental and social challenges, our stakeholders rightfully expect us to also lead with purpose. That's why we are focused on investing in the latest technology engines with the lowest carbon emissions and supporting a circular economy. That's also why we place great importance on our responsibilities for embracing diversity and inclusion, advancing ethical governance, and contributing to a more resilient and sustainable future.

Our ESG initiatives are not just about doing what's right, they are central to how we create long-term value for our shareholders, customers, employees and society. We are proud of the progress we have made, from achieving key milestones in our climate strategy to enhancing our employee wellbeing programs and strengthening our supply chain standards. We also recognise there's more work ahead because sustainability is a journey and requires a dedication to continuous improvement, collaboration and innovation.

This report outlines our continued commitment to responsible growth, transparency and accountability in everything we do. We are grateful to all our stakeholders who share this vision and help us move forward with integrity and purpose.

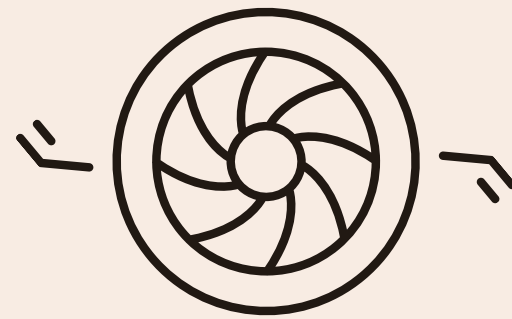
ABOUT US



Founded in 1989, elfc is a world leading aviation engine leasing, financing and management company. elfc is a group company of Mitsubishi HC Capital Inc., a publicly listed Japanese based leasing company



Headquartered in Shannon Ireland, with offices in Boston, London, and Singapore, and representatives in Dublin, Miami, Sao Paulo, Madrid & Beijing



elfc's client base includes the world's most established airlines, newest start-up's, seasoned Low Cost Carriers, significant Maintenance Repair Operators and Original Engine Manufacturers



elfc has a portfolio consisting of approximately 400 owned and managed engines worth over \$4 billion. We have served 80+ customers in over 40 countries



ABOUT US

Our Portfolio

elfc invest in aircraft engines from all of the leading engine manufacturers, these include CFM International, Pratt & Whitney, International Aero Engines, Rolls Royce, and GE Aerospace.

Our People

Comprising of over 100 employees across 8 support locations, elfc's team is what makes us unique. From seasoned aviation professionals to fresh graduates, elfc focuses on training, development, and career progression.



What We Do

We specialise in flexible short to long-term engine support packages for the commercial aviation industry. Our global business revolves around supporting the world's airlines and our experienced team are dedicated to consistently delivering for our valued customers.

inav

elfc are a 100% owner of inav, a specialist aircraft and engine material supplier based in Crystal Lake, Illinois. inav are a market leader in providing sustainable cost-effective material solutions to airlines, operators, OEMs and MROs.

STAKEHOLDER ENGAGEMENT

Forms of Stakeholder Engagement

We actively engage with our stakeholders to ensure our ESG initiatives are aligned with their expectations and needs. Our stakeholder engagement process includes:

- Regular Communication: Providing updates on our ESG performance and initiatives
- Feedback Mechanisms: Establishing channels for stakeholders to provide feedback and raise concerns
- Collaborative Initiatives: Partnering with stakeholders on projects that advance our ESG goals

Employees

We value our employees and are committed to fostering a positive and inclusive work environment through:

- Communication Channels: Regularly communicate with employees through surveys and internal newsletters to keep them informed and involved
- Feedback Mechanisms: Establish channels for employees to provide feedback, raise concerns, and suggest improvements
- Training and Development: elfc promotes an environment where employees can grow and develop their professional career within the leasing industry. To aid employees as they develop their careers, we encourage and support their Training and Development, with a continued focus on enhancing knowledge and skills. We engage with expert trainers for both in-house training and external training, while also supporting the costs of professional development courses for all employees
- Health and Well-being: Promote employee well-being through health programs, flexible working arrangements, and a supportive work environment
- Diversity and Inclusion: We support a culture of Employee Wellbeing, Diversity & Inclusion and Flexible Working options to ensure a positive working environment for all employees

STAKEHOLDER ENGAGEMENT

Industry Partners

Our alliances with industry partners such as Aircraft Leasing Ireland, Orbis, Airlink, and the Shannon Aviation Museum focus on promoting sustainable aviation practices, advancing education, and supporting global humanitarian missions. By combining each partner's unique strengths, we work towards reducing our overall environmental impact, fostering community engagement, and driving innovation in the aviation sector. Collectively, we are committed to the highest standards of environmental, social, and governance principles, ensuring a responsible and resilient future for the industry.

Our Community

We are committed to making a positive impact on the communities we serve:

- Community Investment: Support local communities through sponsorship, philanthropy, volunteerism, and partnerships with non-profit organisations
- Engagement Programs: Develop and participate in programs that address local community needs and challenges
- Transparency: Provide clear and accessible information about our community engagement efforts and their outcomes
- Local Sourcing: Support local businesses by sourcing products and services locally where possible

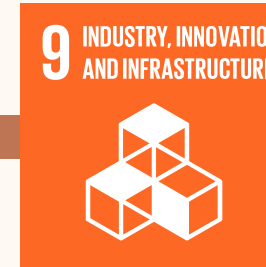


Synchronising Our Strategies

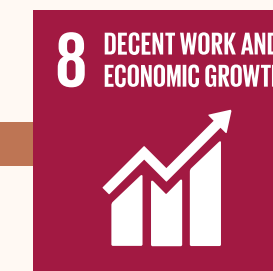


Sustainable Development Goals

The United Nations' Sustainable Development Goals (SDGs) consist of 17 interconnected global objectives, serving as a blueprint for building a better and more sustainable future for all. These goals address the most urgent global challenges, aiming to secure peace and prosperity for people and the planet by 2030.



With new technology engines making up ~75% of our portfolio we are committed to ongoing investment in and support for innovations in our industry that target mitigating climate change and reducing carbon emissions from the aviation sector.



At elfc we support employee health and wellbeing with initiatives such as flexible work schedules, fitness classes, and wellness seminars. Our D&I and CSR committees are committed to promoting equal opportunity recruitment, workplace education, and fostering collaborative partnerships within our communities and industry.

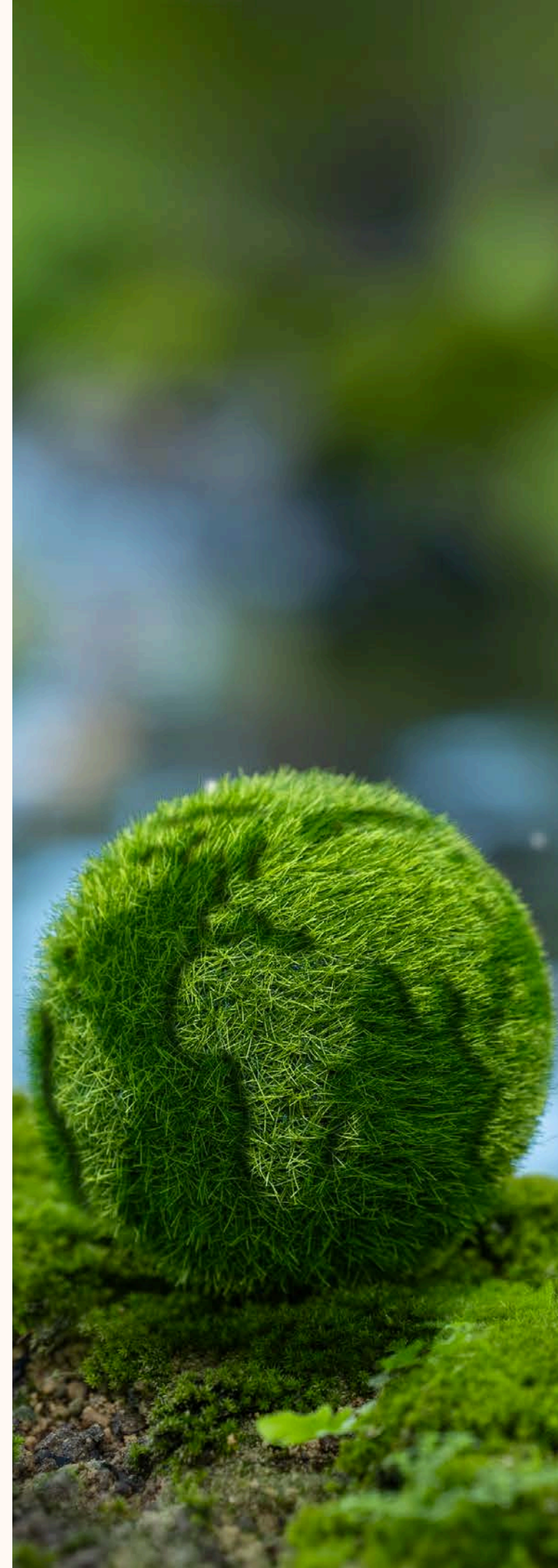


elfc is committed to upholding the highest standards of corporate governance, with robust policies and procedures designed to ensure adherence to industry regulations and our internal standards.

ALI SUSTAINABILITY CHARTER



elfc is an original signatory of ALI's Sustainability Charter, a framework encompassing 10 industry initiatives aimed at ESG. ALI unveiled its Sustainability Charter in October 2022, driven by the aviation sector's target of net zero emissions by 2050 and ALI's dedication to being part of the solution. Additionally, ALI has implemented other initiatives, including an ESG e-learning platform tied to the Charter and enhanced SAF research efforts through partnerships with the University of Limerick and Trinity College Dublin. As a Charter signatory, elfc has also committed to sponsoring €10,000 each year for the next four years towards the ALI SAF Research project



CLIMATE ACTION



ENVIRONMENTAL IMPACT & CHALLENGES

HEADLINES

~2.05%

Aviation emits ~2.05%
of all man-made CO₂
emissions

~15%

~15% of CO₂ emissions
comes from the entire
transportation sector

~80%

~80% of aviation emissions
originate from flights
exceeding 1500km, where
there is no feasible
alternative

Source: ATAG - Waypoint 2050 Fact Sheet #2

Economic Benefits

Air transport delivers substantial economic and social advantages. It promotes tourism, trade, and connectivity, drives economic growth, creates employment opportunities, enhances living standards, helps reduce poverty, supports remote communities, and enables swift responses in times of disaster. This is reflected in its GDP impact, with 3.9% of global GDP supported by aviation.

Source: ATAG - Aviation Benefits Beyond Borders December 2024 Global Summary

Environmental Impact

882 Mt of carbon dioxide (CO₂) was emitted by airlines in 2023. This is 2.05% of the global human CO₂ emissions of around 43 Gt. Approximately 80% of aviation CO₂ is emitted from flights over 1,500 kilometers in length.

Source: ATAG - Waypoint 2050 Fact Sheet #2

Growing Challenges

With aviation's continued growth as a result of globalisation, increasing incomes, the growth of budget airlines, and advancements in technology, the aviation sector impact to CO₂ emissions will continue to rise as a percentage of global emissions. With other transportation sectors making leaps towards electric transport, focus on aviation enhancements will continue to grow. Approximately 80% of flying is over 1,500km, with no practical alternative solutions or technology available in the coming years, the sector will have to continue to strive for alternative solutions.

AVIATION'S RESPONSE



In 2021 IATA member airlines passed a resolution to commit to Net Zero carbon emissions by 2050. Achieved through a combination of:

- 65% Sustainable Aviation Fuel
- 19% Offsetting & Carbon Capture
- 13% New Technology Development
- 3% Infrastructure & Operational Improvements

Source: IATA Net zero 2050: sustainable aviation fuels



Sustainable Aviation Fuel:

- Can reduce CO₂ emissions by up to 80% compared to conventional jet fuel
- More than 800,000 flights have flown using SAF
- 98 airports with ongoing SAF deliveries
- 1.3 billion liters produced in 2024

Source: IATA Net zero 2050: sustainable aviation fuels & ATAG Facts & Figures

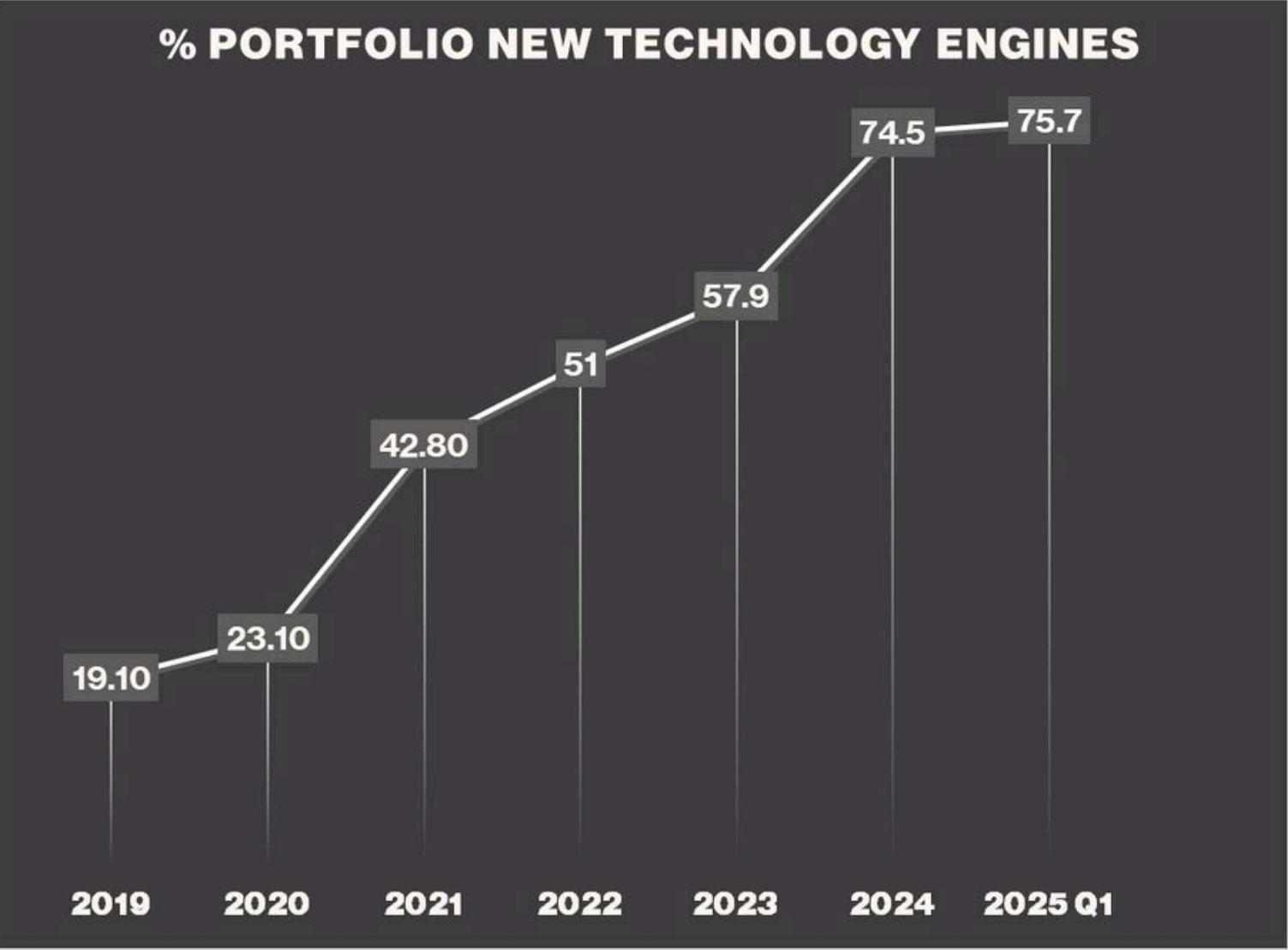


- Civil aerospace spends \$15 billion per year on efficiency-related R&D
- CO₂ emissions per seat kilometre down over 80% since the first jet aircraft in the 1950s
- By 2050, it is predicted that electric, hybrid, and hydrogen-powered propulsion will be used in some markets, alongside ongoing technological developments that will enhance fuel efficiency by just over 20%

Source: ATAG - Aviation Benefits Beyond Borders December 2024 Global Summary & Waypoint 2050 Summary

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WHAT ARE WE DOING?



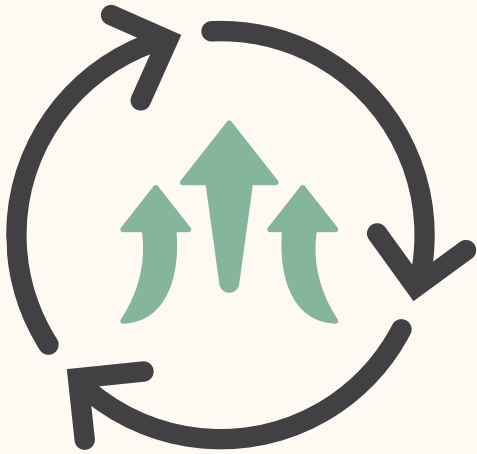
As of March 2025



As of March 31, 2025, ~75% of elfc's portfolio comprises of new technology engines. Since our baseline year of 2019, we have steadily transitioned our portfolio from older technology to newer, more fuel-efficient engines, supporting a more sustainable aviation industry.

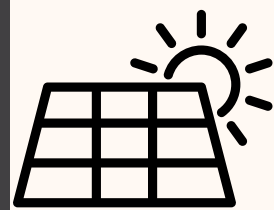


As 100% owners of our aviation parts subsidiary inav elfc have placed great emphasis on end-of-life management, investing heavily in our subsidiary inav helps us to maximise recycling of older equipment, increase efficiency, and minimise waste.

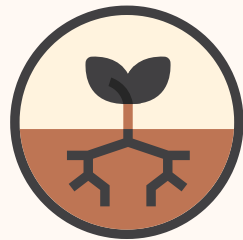


elfc implements verified offsetting programs to mitigate the unavoidable Scope 1, 2, and partial Scope 3 emissions we generate. We are committed to continually improving our emissions calculations to ensure accuracy and transparency, as well as enhancing our operational efficiencies to reduce our environmental impact.

Office Operations



Investing in solar panel installations to reduce our reliance on non-renewable energy sources and lower our carbon footprint - to be completed by year end 2025.



Hybrid/electric company cars only, with 17 EV chargers available for all employees to use in our Shannon office. With bike to work scheme, bike racks, and shower facilities also available to employees.



Members of Biodiversity Ireland - helping to preserve ecosystems and promoting biodiversity in our operations and supply chains.



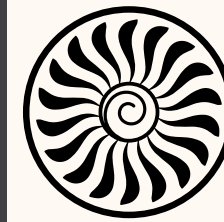
Mandatory training on ALI's ESG Inniu e-Learning platform for all elfc employees which gives an understanding of ESG and the challenges faced in our sector. Regular ESG lunch and learn sessions from industry professionals.



Comprehensive waste management practices that prioritise reducing waste, reusing materials where possible, and recycling to minimise environmental impact.

Office Operations & Commitments

Commitments



As of 31st March 2025 ~75% of our portfolio consists of new technology engines, with a commitment to sustained increases in the coming years.



In conjunction with several other ALI members we have committed to sponsoring €10,000 per year to ALI SAF PHD Research project.



Our responsibility includes ongoing advancements in diversity and inclusion policies, recruitment practices, training programs, and the promotion of an inclusive work environment.



To continue our promises to ongoing multi-year sponsorship programs with local community organisations like NOVAS and Shannon Aviation Museum.



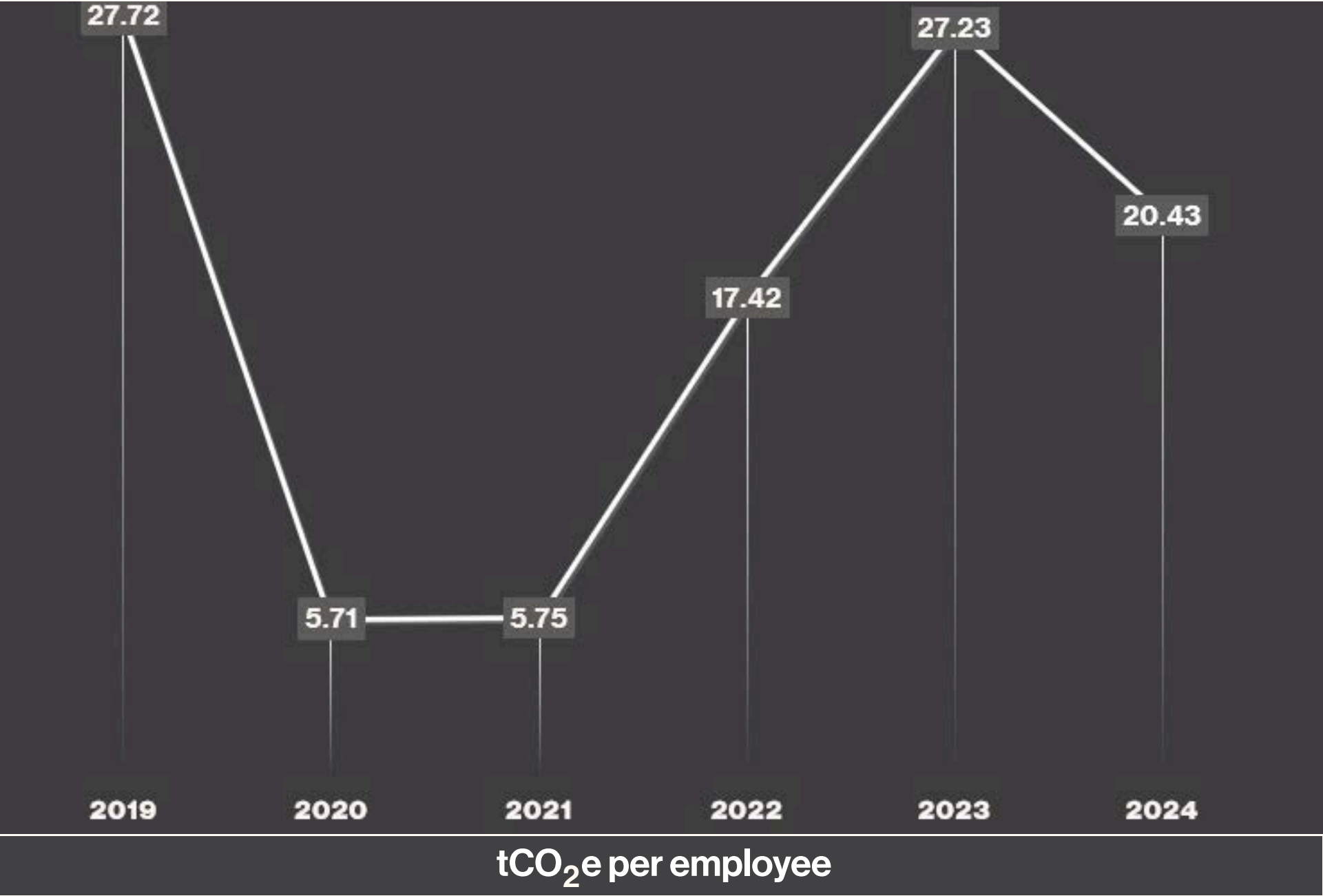
Improve biodiversity actions year on year in our main headquarters to stay committed and aligned to our membership of Biodiversity Ireland.

2024 CARBON EMISSIONS DISCLOSURES

Scope	Market 2024 (tCO ₂ e)
Scope 1	
Natural Gas	11.96
Company Vehicles (fuel)	35.79
Company Vehicles (PHEV)	7.88
Total Scope 1	55.64
Scope 2	
Office Electricity	8.74
Company Vehicles (EV) Charging	13.57
Total Scope 2	22.30
Scope 3	
Purchased Goods	0.39
Computing	107.35
Well to Tank Scope 1 & 2	19.42
Transmission & Distribution	0.67
Company EV Vehicles T&D	0.73
Waste	1.30
Wastewater	0.07
Business Travel	1551.25
Employee Commuting	109.08
Home-working	10.94
Total Scope 3	1801.19
Total Emissions	1879.13
*Downstream Leased Assets	4,263,608
Total incl Downstream Leased Assets	4,265,487.13

*Downstream Leased Assets are the estimated emissions of our engine portfolio which have been accumulated by the host aircraft operators.

tCO₂e per employee (excluding DLA)
decreased 26.3% since 2019 base year



CARBON OFFSETTING

elfc is committed to a reduce, reuse, recycle philosophy. However, at present, some emissions are challenging to completely diminish, therefore, we actively offset these emissions through comprehensive carbon offset programs, ensuring that we mitigate our environmental impact and contribute to a more sustainable future.

For the last 5 years, through our partnership with Carbon Footprint Ltd., elfc is a carbon neutral company, offsetting over 5026 tonnes of CO₂ emissions in that time through various Verified Carbon Standard and Gold Standard carbon offsetting projects.



Some of these projects include : Tree planting and protecting the rainforest in both Kenya and Brazil, borehole rehabilitation projects in Uganda, brascarbon methane recovery project in Brazil, REDD+ projects in the Congo and Cambodia, and improved African biomass cookstove projects.

Note on our disclosures: As part of our commitment to transparency and responsible reporting, we disclose all material emissions across Scope 1, 2, and 3. While we account for Scope 3 emissions associated with our downstream leased assets, we do not offset the emissions generated by these engines. This is due to the fact that the engines are operated by airlines and other operators, who have direct control over their usage, fuel consumption, and operational efficiency matters. We believe this approach provides clarity and avoids double-counting, while also supporting accountability within the aviation value chain. Our focus remains on reducing the environmental footprint of our own operations and working collaboratively with industry partners to promote more efficient and lower emission technologies for the future.

CORPORATE CITIZEN

SOCIAL

COMMUNITY & GIVING

Corporate Social Responsibility ('CSR') has always been part of elfc's culture, and reflecting its importance across all areas of elfc's business, a formal CSR team was established in 2020. We are committed to taking CSR into account in our engagement with all of our stakeholders - our shareholder, with our customers, with our employees, and in our work with our local communities. elfc recognises and appreciate the responsibility we have towards all of these parties.

elfc strives to be a good corporate citizen that contributes to the social and economic well-being of all the communities where we have a presence. Through our CSR programme we encourage employees to support local, national and international organisations that strengthen the communities in which they live and work. This is achieved through a combination of providing ideas and suggestions where elfc's financial support can make a difference, and also volunteering their time and energy to further these causes. Our model is that CSR ideas and initiatives should be staff led, and facilitated by the CSR team.

While we were limited in some of our activities at out the outset during COVID, elfc's CSR contribution has grown steadily.

CSR Spend To Date:
Over €350,000

Charities Supported:
In Excess of 40

Local Clubs Supported:
Over 10

Company Volunteering:
5 Events

CSR Events Hosted:
3

CSR INITIATIVE SNAPSHOT



CSR matching for funds raised by staff for Cahercalla & Milford hospices



Contribution made towards upkeep of Vauxhall City Farm, London



Kindness/Homeless charity support in Hong Kong



COVID PPE import via Project "Collaborate" with Avolon



UNICEF/COVAX (vaccines for all) program



#SHECANDO Dr Karen Weekes solo row across the Atlantic Ocean



Promoting positive Mental health in the Community



LGBT youth organisation in Ireland which caters for young people aged between 14–23 years



Crisis Homeless Charity in London



Homeless Charity in Limerick



Renovation of community tennis facility in São Paulo



Burren Beo - Native pine restoration project

STAFF PARTICIPATION INITIATIVES



DIVERSITY & INCLUSION

elfc are committed to creating a workplace which is reflective of the society it represents and creating an inclusive environment where all employees feel welcomed and appreciated.

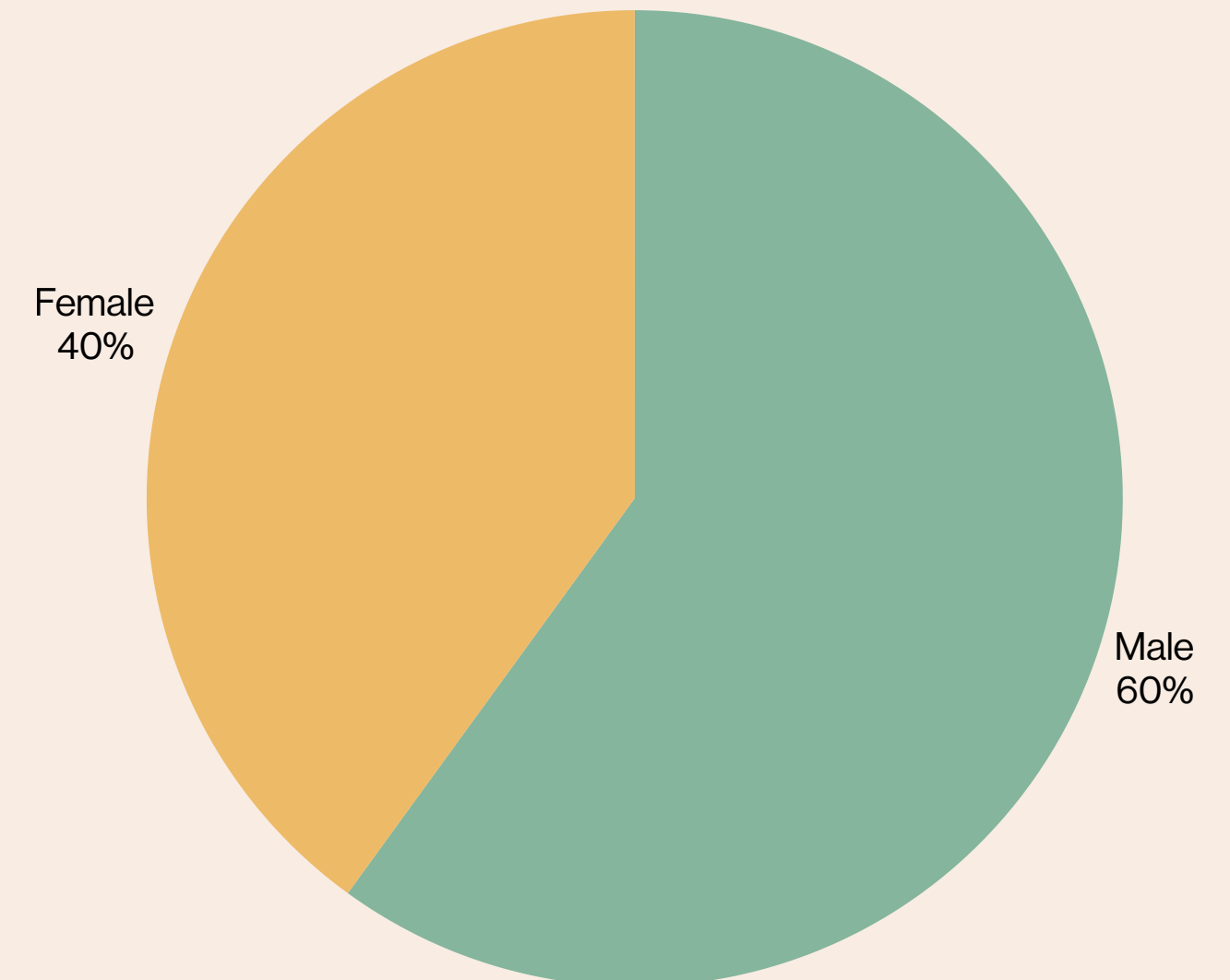
We pride ourselves on our comprehensive D&I strategy, policies, our D&I Champion team, our range of D&I initiatives, and the high level of understanding and engagement within our company, from employees to our Senior Management.

We have embarked on our D&I journey to acknowledge the benefit of difference while ensuring that our workplace has fair policies and practices in place to allow a diverse range of people to work together effectively.

We are focused on promoting equality and fairness and combating discrimination through our:

- Day-to-day work
- Policies and procedures
- Communications
- Diverse and inclusive leadership
- Fair treatment for job applicants
- D&I Training
- Fulfilment of our legal responsibilities
- External website & LinkedIn page
- Participation in panels
- Engagement with D&I networks & industry experts

Ratio of Male to Female Employees



DIVERSITY & INCLUSION

D&I is a huge focus in elfc's Training & Development plans, and some of our other D&I events to date include our:

- Annual elfc Culture Day
- Mentoring Programme
- Bespoke Inclusive Leadership Programme
- Focused workshops, cultural training and events on topics including;
 - Gender Equality
 - Race Awareness
 - Disability in the Workplace
 - LGBTQI+ 101 Workshops
 - Mental Health Talks
 - AslAm Autism Awareness
 - Pride Month
 - D&I Quizzes
 - Email Communications
 - Women in Aviation Events

Our D&I journey is enhanced by our employee D&I surveys, which form part of the Irish Centre for Diversity accreditation process. elfc currently hold the accreditation of Investors in Diversity Silver from the ICD having built on our Investors in Diversity Bronze award.



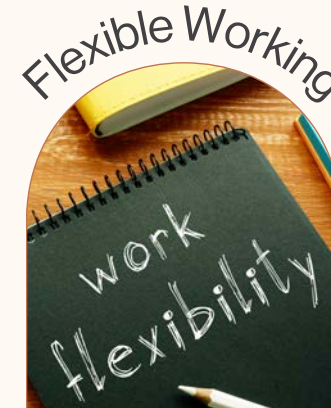
EMPLOYEE WELLBEING

Employee work-life balance is kept to the forefront of our business at elfc.

Employees can look forward to support for mental, physical, financial and social wellbeing with an array of events and awareness sessions.

elfc recognise that employee wellbeing not only benefits individual employees but also contributes to a positive work culture, increased productivity and long-term success of the company.

Employees are surveyed regularly so that we can adapt our programs to their evolving needs.



CORPORATE GOVERNANCE

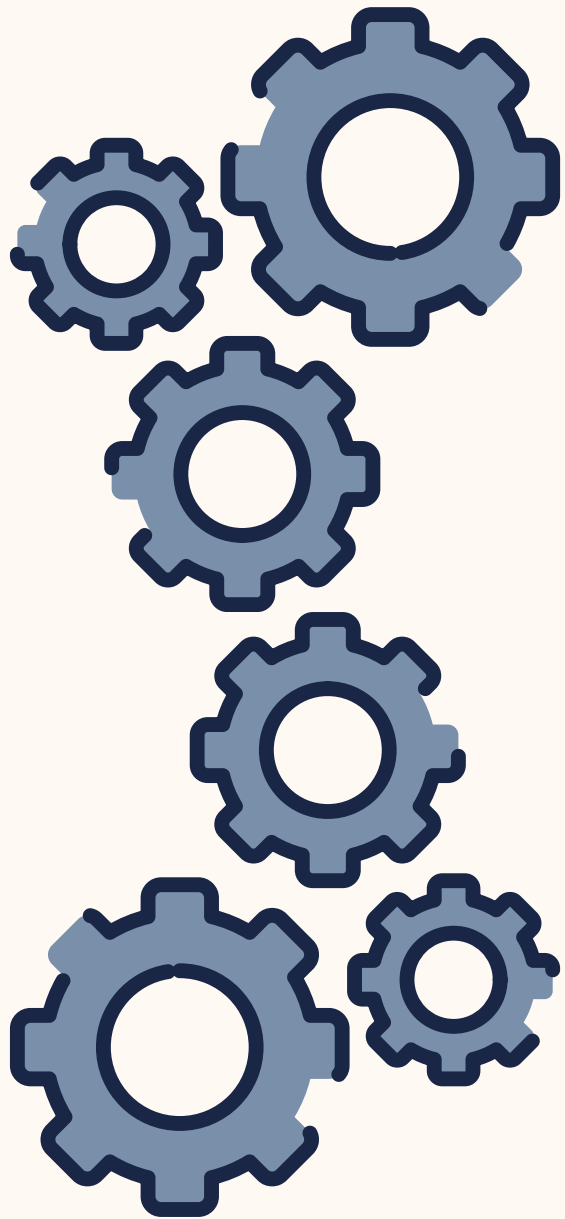


GOVERNANCE

Governance at elfc

Transparency, accountability, and ethical leadership are the cornerstones of our ESG commitment. Our corporate governance is rooted in these principles, ensuring thorough oversight, responsible decision-making, and a strong culture of integrity. We are dedicated to fostering a governance framework that not only complies with regulatory standards but also promotes long-term sustainability and earns the trust of our stakeholders. This dedication informs every action we take, ensuring our business is conducted with fairness, respect, and strong ethical principles.

As a group company of Mitsubishi HC Capital Inc., elfc has adopted a corporate governance framework based on the Three Lines of Defence (3LoD) risk management model, a globally adopted general risk management model aimed at continually upgrading risk management by effectively and efficiently managing non-financial risks, including administrative and legal and compliance risk.



GOVERNANCE

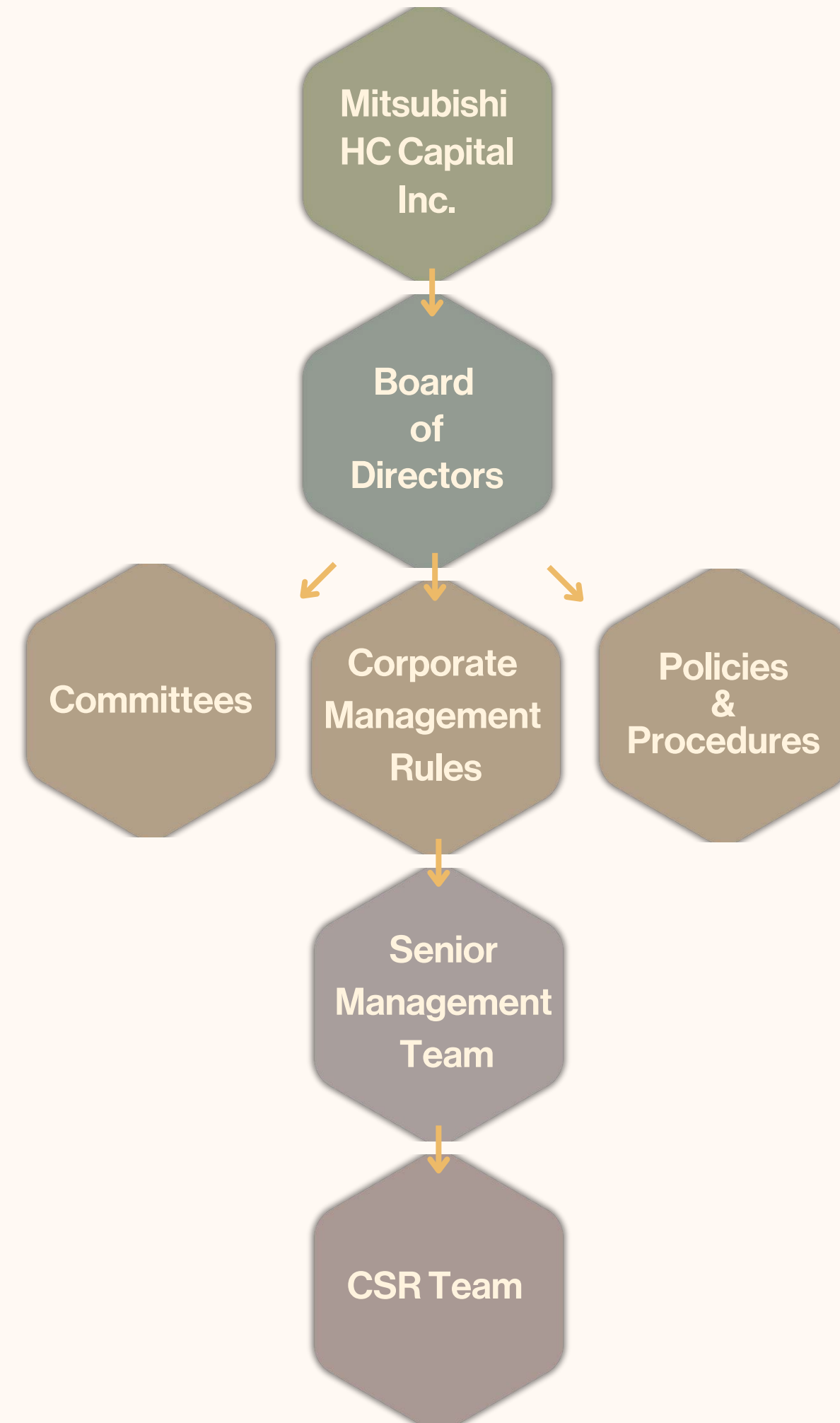
elfc's Board provides effective oversight and governance over all areas of the business.

elfc's ultimate shareholder (Mitsubishi HC Capital Inc.) also has its own focus and commitment to making Sustainability a priority (<https://www.mitsubishi-hc-capital.com/english/sustainability/index.html>) and they have representatives on elfc's board of directors.

Below the board level there are two committees to advise the board on certain specific matters, over 100 Corporate Management Rules as well as over 100 Policies and Procedures in place (which are reviewed annually) ensuring elfc remains in compliance and professionally governed at all times.

The senior management team has representatives from across all sections of the company.

The CSR team engages with and has representatives from all levels of the company and has recently separated out specific matters relating to ESG as a focus.



elfc maintains high ethical standards:

- Establishing trust
- Customer-oriented approach
- Strict compliance with laws and regulations
- Respect for human rights and the environment
- Exclusion of anti-social elements/money-laundering prevention

Ethics/Compliance Policies & Procedures

- Mitsubishi HC Capital Group Code of Ethics and Code of Conduct
- Compliance Policy
- Compliance Manual (includes Whistleblower guidance)
- Compliance Manual EU Whistleblower Addendum
- Employee/Agent Pledges of Compliance

Other Compliance Policies & Procedures

Third Party Due Diligence

- Know Your Customer / Trade Sanctions Procedures

Sanctions and Export Control

- Know Your Customer / Trade Sanctions Procedures
- Principles for National Security Export Control
- Security Export Control Procedures
- Security Export Control Sub-Procedures

Anti-Money Laundering and Counter-Terrorism

- Principles for Money Laundering Prevention
- Guidelines for Anti-Money Laundering and Combating Financing of Terrorism

Ethics & Compliance



Compliance Policies & Procedures Cont.

Anti-Bribery and Corruption

- Principles for Prevention of Bribery and Corruption
- Anti-Corruption and Gift and Entertainment Procedures
- Anti-Trust
- Principles for Compliance with Competition Laws
- Rules for Compliance with Competition Laws

Data Protection and GDPR

- Privacy Policy
- Rules on Personal Information Protection Standards
- Data Protection and Confidential Information Policy
- External/Employee Privacy Statements
- Records Retention Procedures

Insider Trading

- Insider Trading Policy

Vendors

- Vendor Management Procedures

Human Rights

- Human Rights Policy

Compliance Training

All employees are required to complete annual compliance training which covers all the areas set out above

Compliance Issues

No significant compliance issues have been reported in 2025 to date

INFORMATION SECURITY



Information security is essential to the success and integrity of elfc. Recognising the increasing importance of data protection in today’s digital landscape, elfc is fully committed to safeguarding the sensitive information of our customers, employees, and business partners. To achieve this, we take comprehensive and proactive measures to create a secure and resilient information environment, one that upholds confidentiality, integrity, and availability across all levels of our operations.



IT Security Policy



Hot DR Solution



Internal & External Audits



Quarterly phishing & IT training



Inhouse IT Security Experts



Best in class SIEM & Security Controls



24/7 NOC



**Regular Internal & External
Vulnerability & Penetration Testing**



Building 156, Shannon Freezone,
Shannon, Co. Clare,
Ireland, V14 VH70