



# Our Responsibility

Sustainability Report 2021



# OUR VISION

Avolon has built a leading position in aircraft leasing. The scale of our business reflects the ambition of our team, our shareholders and the values to which we ascribe. We are committed to pushing boundaries in everything that we do – to build stronger relationships with our customers and all industry stakeholders; to maintain an engaging and inclusive environment in which to work; and to invest back in our global community.

 @avolon\_aero  avolon

# OUR VALUES

The Avolon TRIBE's Corporate Values



Transparency



Respect



Insightfulness



Bravery



Ebullience

Living our TRIBE Culture every day

Avolon Sustainability Report 2021

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# Introduction

# CEO MESSAGE

Dear Stakeholders,

I am delighted to present our inaugural Sustainability Report. This report describes how we conduct our business, the values to which we ascribe and the commitments we have made to deliver long-term value for our shareholders, while protecting our climate, caring for our employees, and supporting our community.

At Avolon, everything we do is driven by our TRIBE Values: Transparency, Respect, Insightfulness, Bravery and Ebullience. These values have been the guiding principles for our business and have played a crucial role in building Avolon into the global leader it is today. They are as central to how we operate today as they were when they were created, in 2011, by a small group of employees describing the company in which they wanted to work. Throughout this report we can draw a clear line from our values to our commitments and through to our actions.

“

**At Avolon, everything we do is driven by our TRIBE Values: Transparency, Respect, Insightfulness, Bravery and Ebullience. These values have been the guiding principles for our business and have played a crucial role in building Avolon into the global leader it is today.**

”

**Dómhnal Slattery**  
Chief Executive Officer



# CEO MESSAGE (continued)



Since the foundation of the company in 2010, we have aimed to be the responsible citizen in our community; to invest in the most fuel-efficient aircraft available, to ensure our employees are working in a positive, inclusive environment, and to build strong relationships – based on trust – with our stakeholders. This is underpinned by a strong risk management framework and clear governance practices.

While 2021 was a challenging year for the aviation sector, our business stood resilient. I am extremely proud of our employees, who continue to live by our TRIBE values in their interactions with customers, with each other, and in the local communities in which we operate

all over the world. They have served us well during what has been the most challenging period in the history of aviation and will continue to do so as we work to address the challenge of climate change in the period ahead.

## Looking forward

Climate change is the most important issue of our generation. While the air transport industry produces only around 2% of all human induced CO<sub>2</sub> emissions, it is incumbent on us to progressively reduce these emissions and ultimately, enable zero emissions air travel. We have laid out a number of commitments to sustainability in this report that we will hold ourselves accountable to, over the coming years. We believe that a transition to a low carbon economy will take time, and the technology is not yet sufficiently advanced to mass produce zero emissions commercial aircraft. However, there are many steps that we can take to minimise the impact our business has on the environment. Alongside these commitments to reduce emissions, and consistent with how we have operated the business to date, we will continue to demonstrate the highest levels of corporate governance and social responsibility in all that we do.

Business 'success' is not solely defined in terms of profitability and returns. We believe a business should positively

contribute to society, recognise its impact on the environment and, critically, create an environment in which employees can grow and develop; and which is rewarding personally as well as professionally.

We have made significant progress over the past year on a range of sustainable business initiatives. We recognise the role we can and must play in making a positive contribution to society. It is incumbent on us to help drive positive change – environmentally and socially. Strong financial returns and responsible business decisions are not mutually exclusive. Avolon is committed to being at the forefront of change. We are focused on reducing emissions and, ultimately, decarbonising air travel. We continue to advance initiatives which will support the communities and societies in which we operate; and, critically, we will continue to ensure that our employees, our TRIBE, work in a business which values them and nourishes their talent and entrepreneurial spirit.

Onwards and upwards.

**Dómhnaíl Slattery**  
Chief Executive Officer



“

**We are focused on reducing emissions and, ultimately, decarbonising air travel.**

”

# ABOUT US

## 2nd Largest aircraft lessor globally

With an owned and managed fleet of 592 commercial aircraft and balance sheet of \$31 billion, Avolon is the 2nd largest lessor of aircraft globally. We have a full-service platform with deep expertise in managing each phase of the aircraft leasing life cycle.

## 300 Employees across 6 offices

Our team, our TRIBE, is the key differentiator for our business. We have relentlessly focused on investing in, developing, motivating and retaining skilled colleagues who are dedicated to working as a team to support our customers and deliver for our investors and shareholders.

## Attractive fleet of new technology aircraft

We invest in the youngest and most fuel-efficient aircraft available today and we use our capital to back new technologies that will deliver further fuel efficiencies in the future. Our orderbook of 232 aircraft is entirely new technology. In 2021, we placed an order for up to 500 zero emissions eVTOL aircraft, positioning us at the forefront of the transition to clean technologies.

## 150 Customers in 62 countries

Along with our people, our customer relationships are our greatest asset. During the COVID-19 pandemic we leveraged our strategic scale to work closely and expeditiously to provide support to our customers. Our relationships have been further strengthened as a result.

## Investment grade ratings

We maintain investment grade ratings with four rating agencies. While these ratings are driven by our strong market position, low leverage and strong liquidity, they also reflect our broader risk management approach as discussed in this report.



# ABOUT US

(continued)

## Our TRIBE values

Our core values form the acronym TRIBE. Our continued success year-on-year is a direct result of our TRIBE living our values in all that we do. Through a period of rapid growth and change, these core values have been tried and tested and we are as confident in them today as when they were formed.

# TRIBE



### Transparency

Transparency is to operate in a way that it is easy for others to see what we are doing and why we are doing it.

It is the sharing of information, clear communication, being fair, honest and trustworthy.



### Respect

Respect for ourselves guides our morals; respect for others guides our manners.

At Avolon, we command respect in the workplace, in our internal and external relationships and in ourselves.



### Insightfulness

Insightfulness means creating solutions and identifying opportunities; thinking "outside the box" or indeed conceptualising a bigger box and focusing on our successes while learning from our failures. Insightfulness drives consistent learning and enables us to continually strive to make better decisions.



### Bravery

Bravery means maintaining our individuality and integrity. It is displaying leadership, showing decisiveness and having self-motivation. It is about taking measured risks and constantly looking to innovate.



### Ebullience

Ebullience is the feeling that we can achieve almost anything, but most importantly, have fun along the way.

We approach each transaction and each relationship as a new and exciting challenge, we are proud of what we do and ensure that we enjoy doing it.



# OUR RESPONSIBILITY

In our view, a sense of collective responsibility is core to moving the aviation sector to a more sustainable footing. We endeavour to be a leader not only in how we conduct our business, but also in how we interact with our stakeholders and leverage our broad influence and global reach.

**Avolon's ambition is to be a pioneer in the decarbonisation of aviation.**

## Our sustainability strategy pillars:



### Climate action

#### We aim to protect our environment

We invest in the youngest and most fuel-efficient aircraft available to help our customers reduce their carbon emissions.

We supplement this core focus with a desire to support future sustainable technologies by investing in innovation and collaborating with manufacturers.

We endeavour to minimise our direct carbon footprint by employing sustainable business practices, locating in energy efficient offices and travelling responsibly.



### Our people & our community

#### We care for our people and our community

Our people, our values and our culture are central to our success.

We aim to attract the best people and to fully develop their talents. We care deeply for their physical and mental wellbeing and that of their families.

We actively participate in our local communities, support local charities and invest in education.



### Governance excellence

#### We are a responsible business

Our TRIBE values are core to how we conduct our business. They create a culture of transparent and ethical behaviour.

We employ robust financial and operational controls to ensure that risk management is embedded within our business.

In addition, we have a strong, experienced Board which provides effective oversight and stewardship of our business. Our Governance Framework ensures that key decisions are agreed by both shareholders.



# SUPPORT FOR THE SUSTAINABLE DEVELOPMENT GOALS

We are committed to supporting the United Nations (UN) Sustainable Development Goals (Goals), which constitute a universal call by the UN to end poverty, protect the planet and improve the lives and prospects of everyone, everywhere by the target date of 2030. The 17 Goals were adopted by all UN Member States in 2015, as part of the UN's 2030 Agenda for Sustainable Development, which sets out a 15-year plan to achieve the Goals.

**The pillars of our sustainability strategy have been developed with the UN Sustainable Development Goals in mind and each pillar targets a number of the Goals.**



## GOALS TARGETED:



### Climate action

The decarbonisation of aviation requires new technologies. We will invest in innovation and back new technologies that can reduce the CO<sub>2</sub> emissions from commercial aviation, reduce climate change and improve life on land.



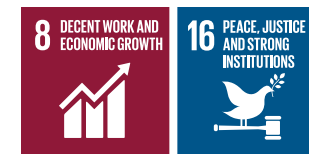
### Our people & our community

Education, good health and gender equality are core elements of our Caring for Our People and Our Community pillar. We aim to provide highly engaging work for our employees and to care for their physical and mental health.



### Governance excellence

By conducting business responsibly and aiming for the highest standards of corporate governance, we are building a sustainable business.



# SUSTAINABILITY HIGHLIGHTS



**50%**

**New technology aircraft**



**500**

**Zero emission eVTOL aircraft ordered**



**People**

**Establishment of Chief People Officer role**



**22%**

**of customers have made Net Zero commitments**



**100%**

**New technology orderbook**



**100%**

**Renewable electricity in global headquarters**



**D&I**

**Invested in an inclusive leadership programme**



**>\$400,000**

**invested by our CARE CSR programme across >40 initiatives**

# OUR COMMITMENTS



Our sustainability strategy must be underpinned by clear medium-term commitments. Our preliminary commitments are guided by feedback from our stakeholders and are the measures by which we will hold ourselves to account.



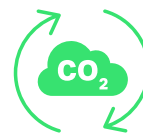
## Ensure >75% new technology aircraft by FY25

We commit to increasing the proportion of new technology aircraft in our passenger fleet to 75% by FY2025. New technology aircraft are typically 15 to 30% more efficient than current technology models.



## Be a thought leader on future technologies

In 2021 we invested in eVTOL manufacturer Vertical Aerospace and ordered up to 500 zero emissions aircraft that support a greener economy and decarbonise air travel. We will continue to seek ways to both invest in and support future technologies.



## Net Zero in our own operations by 2025

We have made significant efforts to reduce the direct emissions from our offices. We commit to continue these efforts with the target of being Net Zero in our offices and business travel in the near future.



## Ensure a diverse & inclusive workforce and management

We have a strong focus on diversity & inclusion. We are committed to ensuring an equitable and flexible workplace and to ensuring that diversity in our workforce is a key priority of our Executive Committee.



## Care

## Continue to develop our CARE programme

Our CARE programme is the central route through which we support charity, our communities and the arts. We commit to delivering a vibrant CARE programme that continues to support social causes at both a local and international level.

# OUR GOVERNANCE OF SUSTAINABILITY ISSUES



## Responsibility for managing risks

Ultimate responsibility for management of risk and strategy lies with the Avolon Board of Directors.

The Risk Management Committee reports directly to the Board of Directors on a quarterly basis, where risk is a standing Board agenda item. The Board of Directors provides oversight and ensures risk is being managed within Avolon's risk appetite.

Day-to-day management of risk is the responsibility of internal departments. The teams regularly interact with our key external and internal stakeholders providing important feedback and context on our business plan objectives, including sustainability initiatives.



## Risk Management Committee

The Risk Management Committee is the highest level of risk governance within Avolon. It meets quarterly to consider risks across capital, portfolio, operational and ESG risks.

The Committee comprises all members of the Executive Committee and Senior Management Team.



## Sustainability Steering Committee

The role of the Sustainability Steering Committee is to monitor progress on the achievement of organisational sustainability objectives as well as the risks associated with achieving those objectives.

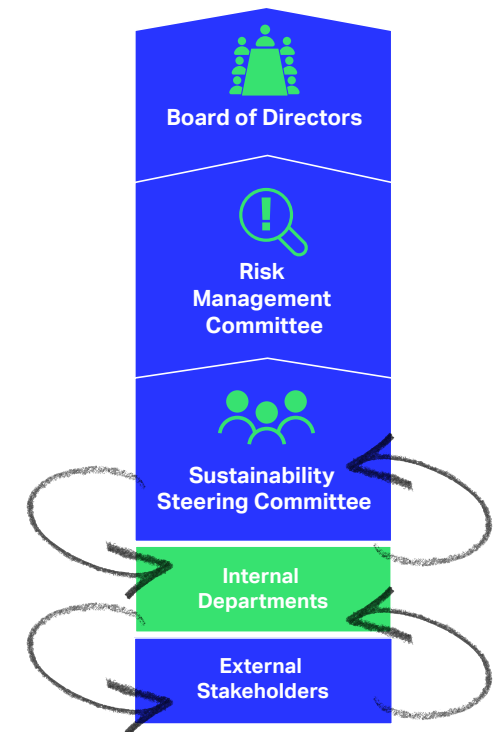
The Sustainability Steering Committee engages specialist external advisors and input from across the business to identify emerging sustainability issues.

The Sustainability Steering Committee reports progress towards our sustainability targets & associated risks to the Risk Management Committee who report directly to the Board.

“

**Ultimate responsibility for management of risk and strategy lies with the Avolon Board of Directors.**

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# Materiality

# ENGAGING STAKEHOLDERS



**Our focused business model and the nature of our transactions results in a group of stakeholders with whom we build deep and engaging relationships. Our stakeholders have active positions on sustainability and ESG which has allowed us to develop a clear understanding of the issues which are most material to them.**



**Andy Cronin, President & Chief Financial Officer**

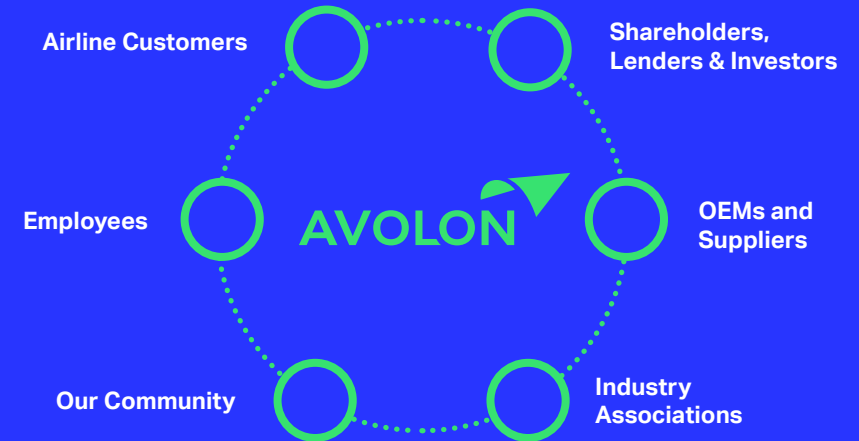
We identify stakeholders by considering the full scope of our business activities, our customers, our suppliers, our capital providers, our supply chain, and those that are impacted by the aviation industry in which we operate or who fly on the aircraft we own, even if we do not have a direct or obvious means of dialogue.

In 2021, we engaged an external expert in sustainability reporting to advise on stakeholder identification.

We also applied the guidance in the GRI Standards, the stakeholder groups identified by our industry peers and those identified by a number of companies in related industries.

## STAKEHOLDER GROUPS

We identify six stakeholder groups on whom our business has a present or potential impact. During the year we actively engaged with each of these groups to identify the sustainability topics most material to them.



### Deep long-standing relationships with certain stakeholders

We have long-standing and deep relationships across multiple levels at each of our airline customers, shareholders, lenders and investors, OEMs and suppliers, and our industry associations.

### Reaching out to our community stakeholders

Our CSR Committee engages with local NGOs and Community groups. The employees on these Committees have consulted with these stakeholders to identify the sustainability topics most material to them.

# FORMS OF STAKEHOLDER ENGAGEMENT

We have continuous and ongoing engagement across our stakeholder groups. The table below highlights some of those key engagements together with the core sustainability themes which are regularly discussed with each of the stakeholder groups.

ENGAGEMENT	Airline customers	Employees	Shareholders, lenders & investors	OEMs/suppliers	Our community	Industry associations
CORE THEMES	<ul style="list-style-type: none"> <li>• Rent deferrals and support during COVID-19 pandemic.</li> <li>• Capital availability for sale and lease transactions.</li> <li>• New technology orderbook.</li> <li>• Future technology.</li> <li>• Sustainable initiatives.</li> </ul>	<ul style="list-style-type: none"> <li>• Career development.</li> <li>• Work life balance.</li> <li>• Diversity &amp; inclusion.</li> </ul>	<ul style="list-style-type: none"> <li>• Fleet strategy and transition to new technology aircraft.</li> <li>• Corporate governance and independence from shareholders.</li> <li>• Company performance.</li> <li>• Credit rating.</li> </ul>	<ul style="list-style-type: none"> <li>• Fleet strategy and transition to new technology aircraft.</li> <li>• Strategy for investing in future technologies.</li> <li>• Aircraft supply and demand.</li> </ul>	<ul style="list-style-type: none"> <li>• Support for local communities.</li> <li>• Support for UN Sustainable Development Goals.</li> <li>• Our environmental footprint.</li> </ul>	<ul style="list-style-type: none"> <li>• Our environmental strategy.</li> <li>• Our contribution to the aviation industry's strategy to decarbonise.</li> <li>• Our diversity &amp; inclusion strategy.</li> </ul>

# MATERIALITY ASSESSMENT

We have identified 25 Economic, Environmental, Social and Governance topics which we believe are material to our stakeholders in forming a sound and reasonable assessment of our organisation. We performed a materiality assessment to rank our material topics in order of importance for both stakeholders and Avolon. The diagram below shows the relevant importance of our material topics.



The materiality assessment in this report was conducted to help guide us on the issues that are most important to the stakeholders reading this report.

**Our materiality assessment has also taken input from:**

- Gap assessment prepared by an external advisor.
- Those employees with responsibility for managing stakeholder relationships.
- Stakeholder communications, in particular the ESG and sustainability reports of our customers, investors and suppliers.
- ESG questionnaires received from stakeholders.
- Participation at industry conferences.
- Industry best practice and professional guidance on material ESG issues.



# MATERIAL TOPICS & MANAGEMENT APPROACH



## ECONOMIC



## ENVIRONMENT

MATERIAL TOPIC	BOUNDARY	MANAGEMENT APPROACH
<b>Valuation / profitability</b>	Avolon, shareholders, lenders, investors	Quarterly audit committee and board meeting, transparent quarterly earnings reports to investors.
<b>Asset risk management</b>	Avolon, shareholders, lenders, investors	Portfolio management team uses proprietary models to forecast future values and asset liquidity.
<b>Counterparty risk management</b>	Avolon, customers, shareholders, lenders, investors	Counterparty risk management team uses proprietary models, customer dialogue to assess risk for each customer.
<b>Shareholder governance framework</b>	Avolon, shareholders, lenders, investors	Comprehensive shareholder agreement includes strict provisions regarding related party transactions.
<b>Liquidity and funding</b>	Avolon, shareholders, lenders, investors	Investment grade rating provides continued access to US bond market, maintain liquidity in excess of rating agency metrics.
<b>Supplier and customer relationships</b>	Avolon, OEMs, suppliers, shareholders, lenders, investors	Dedicated customer engagement team covering each airline.
<b>Climate change</b>	Avolon, customers, our community	Invest in young fuel-efficient new technology aircraft, back future technologies, reduce and offset own emissions.
<b>Own GHG emissions</b>	Avolon, industry groups, our community	Energy-efficient offices, utilise power from renewable sources.
<b>Operational efficiencies</b>	Avolon, our community	Energy-efficient offices with sensor LED lighting, promote use of personal electronics over paper printing.
<b>Waste management &amp; recycling</b>	Avolon, our community	Segregated recycling policy across all offices, 0% of waste to landfill.
<b>Water management</b>	Avolon, our community	We operate a water management system to minimise the water consumption in daily operations and use technology such as touchless taps and occupancy sensors.

# MATERIAL TOPICS & MANAGEMENT APPROACH (continued)

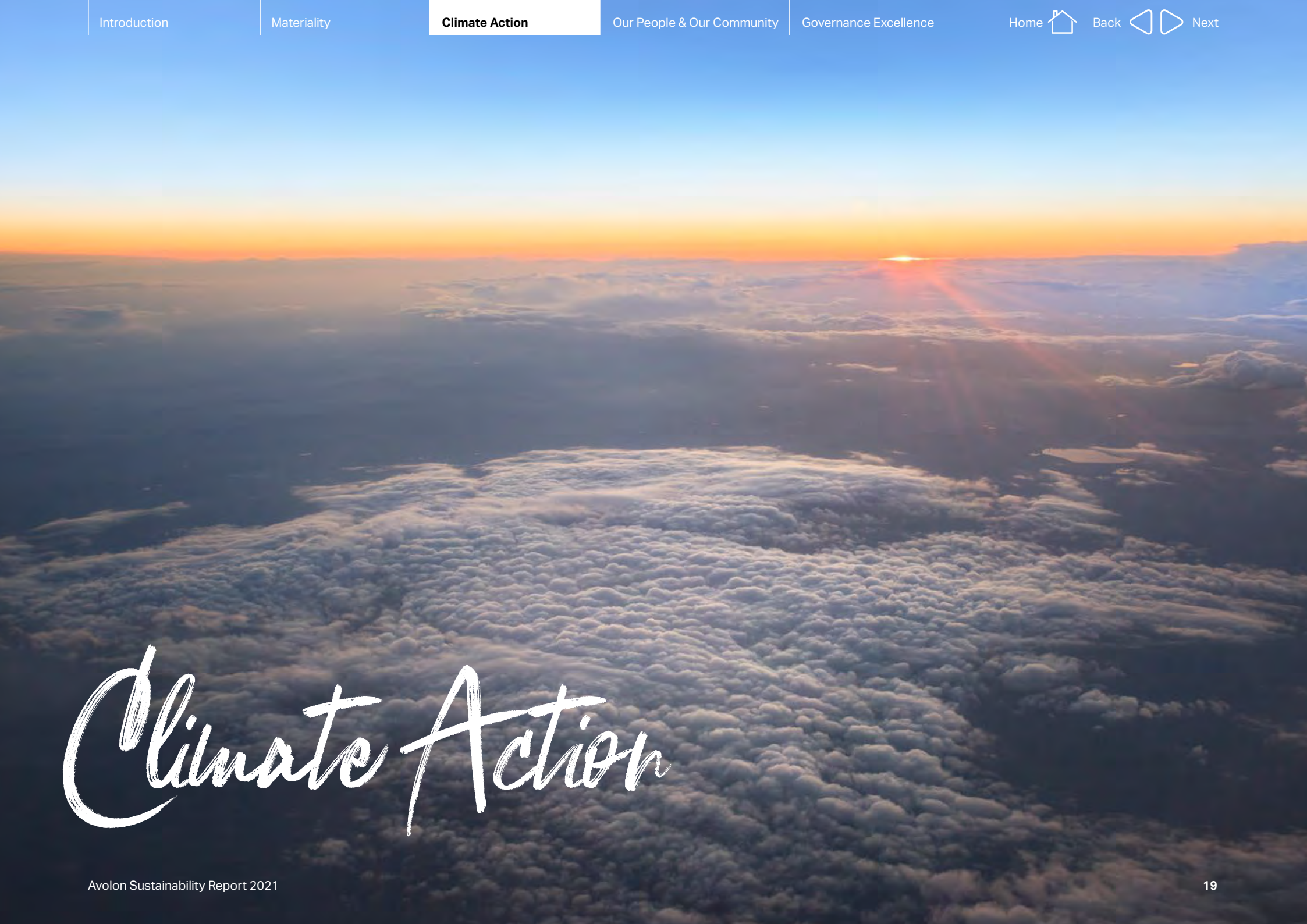


## SOCIAL



## GOVERNANCE

MATERIAL TOPIC	BOUNDARY	MANAGEMENT APPROACH
<b>Human rights</b>	Avolon, employees, our community	Avolon Code of Conduct; Business Partner Code of Conduct published during 2021.
<b>Community engagement &amp; charity</b>	Avolon, our community	Our CSR programme CARE actively engages with charities, community organisations and NGOs.
<b>Employee engagement &amp; development</b>	Avolon, employees	Weekly employee communications, annual employee Engagement Survey, focus on personal development, INSEAD and LinkedIn Learnings programmes.
<b>Diversity &amp; inclusion</b>	Avolon, employees, our community	Diversity & Inclusion Committee oversees the application of D&I across Avolon policy framework.
<b>Succession planning</b>	Avolon, employees	Comprehensive succession planning review completed in 2021 with an emphasis on technical and management skills.
<b>Employee remuneration &amp; incentives</b>	Avolon, employees, shareholders	Remuneration packages benchmarked against market, comprehensive non-financial benefits.
<b>Employee health &amp; safety</b>	Avolon, employees	Health & safety policy implemented across all offices.
<b>Business ethics and compliance</b>	Avolon, employees, shareholders, lenders, investors	Code of Conduct based on TRIBE values. Business Integrity team oversees broad compliance policy framework.
<b>Business transparency</b>	Avolon, shareholders, lenders, investors	Quarterly Audit Committee and board meeting, transparent quarterly earnings reports to investors.
<b>Information security</b>	Avolon, customers, employees	Comprehensive policies and procedures in place to manage information security risk with a focus on regular employee training.
<b>Supply chain compliance</b>	Avolon, OEMs & suppliers	Business Partner Code of Conduct published during 2021.
<b>Work practices</b>	Avolon, employees, shareholders	Employee Code of Conduct in place.
<b>Internal audit &amp; controls</b>	Avolon, shareholders, lenders, investors	Comprehensive internal audit programme outsourced to a professional services firm.
<b>Business continuity planning</b>	Avolon, employees, shareholders, lenders, investors	Comprehensive business continuity plan implemented during COVID-19 with no material issues.



# Climate Action

# INTRODUCTION

## The defining challenge of our generation

It is now widely accepted that climate change is the defining challenge of our generation and requires an urgent globally coordinated response to slow the impact of global warming and provide our future generations with a sustainable planet.

## Our approach

Environmental sustainability at Avolon is viewed through the lens of our fleet composition and our direct emissions. Since inception, we have had a laser-like focus on maintaining a young, fuel-efficient fleet which is liquid, easily marketable and minimises residual value risk. As a result the aircraft we acquire are the most fuel-efficient models in production. This has led us to become one of the most environmentally efficient aircraft leasing companies globally.

A focus of our operations has been to locate in premium offices which are highly energy-efficient and to seek further ways to reduce our energy consumption and waste.

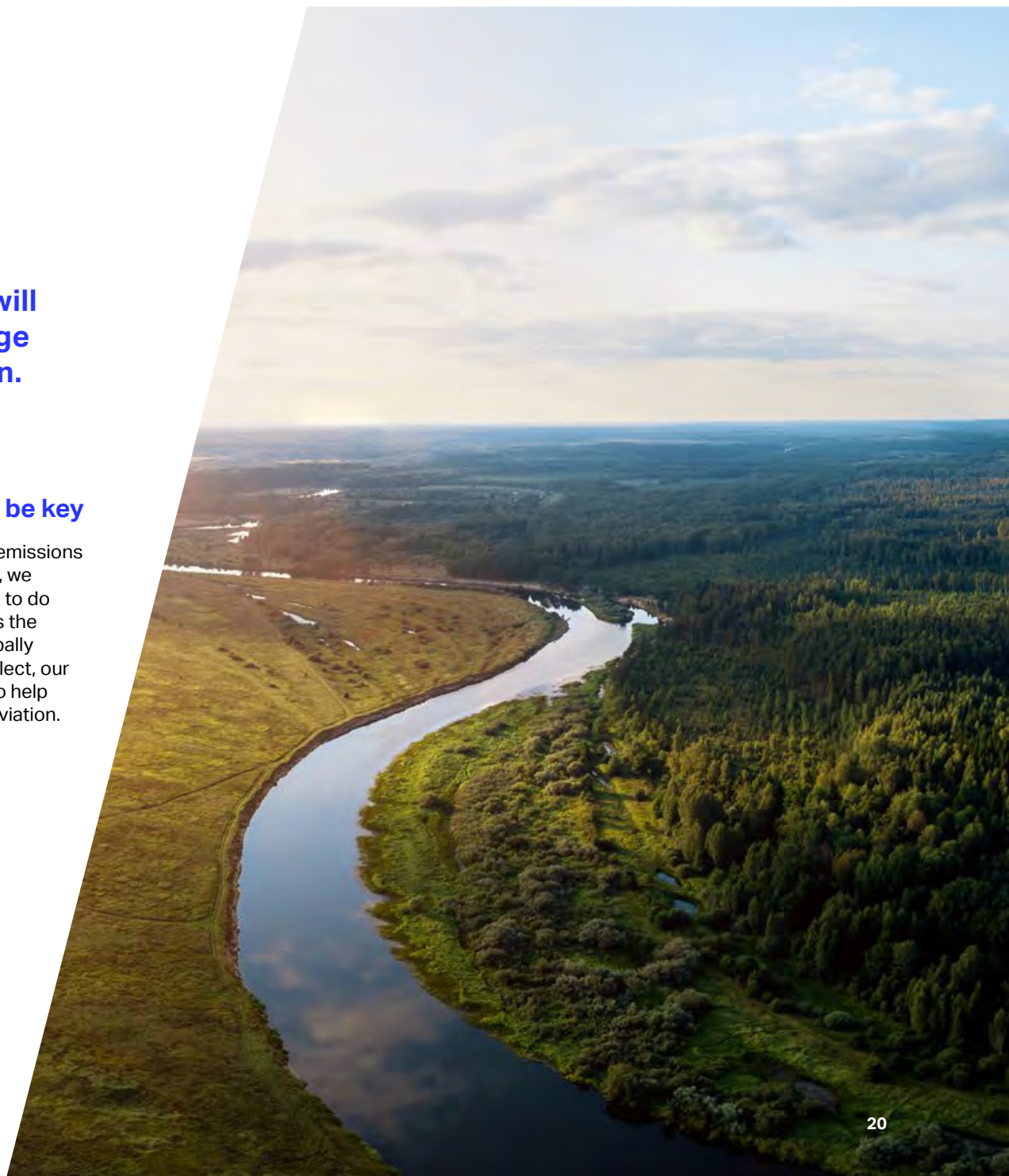


## Avolon and the aviation industry will rise to the challenge of decarbonisation.



## The next 10 years will be key

While progressively reducing emissions has been always been a focus, we need to do more, and we need to do it fast. Our industry position as the 2nd largest aircraft lessor globally demands that we use our intellect, our relationships and our capital to help drive the decarbonisation of aviation.





# AVOLON'S ROLE



## 1 COLLABORATION AND COLLECTIVE PROBLEM SOLVING

Collaboration and collective problem solving is the lifeblood of the aviation industry. To meet carbon neutrality, a collaborative approach between government, industry and investors is required to rapidly scale and commercialise the required technologies. Avolon can play a leading role in this collaboration.

## 2 INVESTING IN INNOVATION

In 2019, we published a thought leadership paper *Project i* calling for greater focus on the start-up ecosystem in Ireland and the need for greater investment in education and innovation. We recently announced a significant investment in PhD level research with a focus on clean technology.

## 3 BRAVELY BACKING NEW TECHNOLOGIES

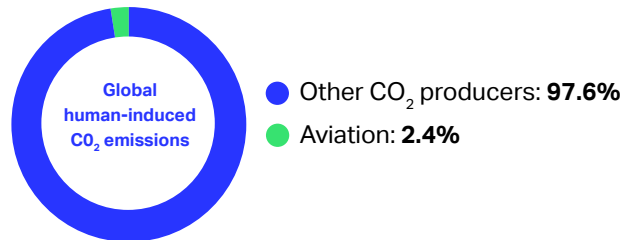
In June 2021, we placed the largest order to date for zero emissions electric aircraft with an order for up to 500 of Vertical Aerospace's VX4 eVTOL. Without large industry players providing capital and other support to manufacturers, the technologies required for decarbonisation will not be developed.

# AVIATION'S IMPACT ON THE ENVIRONMENT



## Environmental impact

Aviation is an essential sector connecting people and economies, but its role is increasingly being challenged by its contribution to global climate change. Aviation currently represents approximately 2.4% of global CO<sub>2</sub> emissions and 12% of all emissions from the transport sector.



## Continued growth

Air traffic has increased rapidly over the past 20 years, growing at an approximate rate of 5% per annum. Growth is expected to continue, driven by rapidly expanding middle classes in emerging economies and the continued rise of low-cost airlines stimulating new demand. Without increasing the pace of decarbonisation from the current 1.5% reduction in CO<sub>2</sub> emissions per passenger mile per annum, emissions from aviation will continue to rise.

## Economic benefits

Aviation supports 1% of global GDP directly and 8% indirectly by enabling connections that are integral to families, businesses, and cultural exchange. Air travel is the world's rapid transport network, essential for trade, business, tourism and economic growth. Every day, 128,000 flights take off, carrying 12.5 million passengers and \$18 billion of world trade. It directly supports over 65 million jobs.

Aviation also supports social development and the tourism industry relies heavily on aviation. Without the connectivity flight provides, many countries that rely on a steady inflow of tourists would not enjoy their present levels of economic growth.

## 2.4%

The global aviation industry produces around 2.4% of all human-induced CO<sub>2</sub> emissions.

## 12%

Aviation is responsible for 12% of carbon emissions from all transport sources compared to 74% from road transport.

## 80%

Around 80% of aviation CO<sub>2</sub> emissions are emitted from flights of over 1,500km for which there is no practical alternative mode of transport.

“

**The economic and social benefits of aviation must not be dampened as the carbon transition unfolds. Not flying is not the answer.**

”

Source: Air Transport Action Group, Waypoint 2050 report (September 2021) report and Aviation Benefits Beyond Borders report (September-2020); International Council on Clean Transportation.

“

**We are passionate about aviation. We want future generations to experience the adventure of travel, the excitement of seeing new places and new cultures, the joy of reconnecting with family and friends. If decarbonisation is the challenge then we are up for that challenge because not flying is not the answer.**

”

**Dómnal Slattery, Chief Executive Officer**

# INDUSTRY RESPONSE

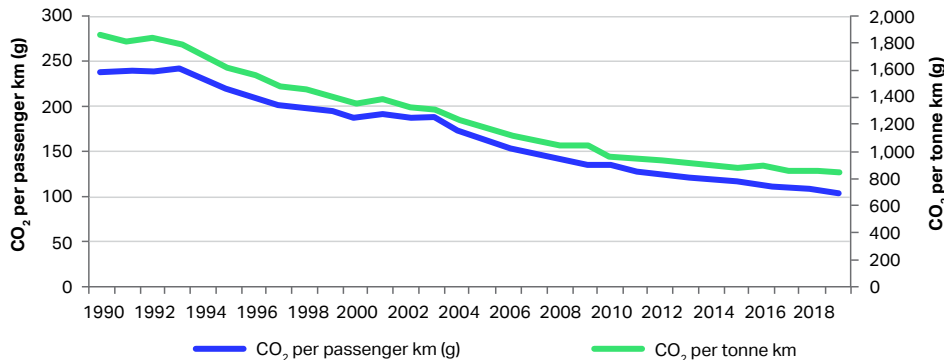
## Recent achievements

In the past decade, airlines and lessors have spent over a trillion dollars on more efficient aircraft; the aerospace sector has spent over \$150bn in efficiency related R&D; CO<sub>2</sub> emissions per seat kilometre have improved by 21.5%; ten new (and significantly more efficient) aircraft types have entered service; and 365,000 flights have taken off on sustainable aviation fuel (which wasn't even certified until 2011). Also, the world's first CO<sub>2</sub> standard for aircraft and the first carbon pricing mechanism for a single global sector were negotiated and adopted at the International Civil Aviation Organisation (ICAO). By any measure this was a phenomenal decade.

The chart below shows the improvement in operational efficiency over the past 20 years with CO<sub>2</sub> per passenger kilometre falling 54% since 1990. This compares to a 35% reduction in CO<sub>2</sub> per \$GDP for the global economy.

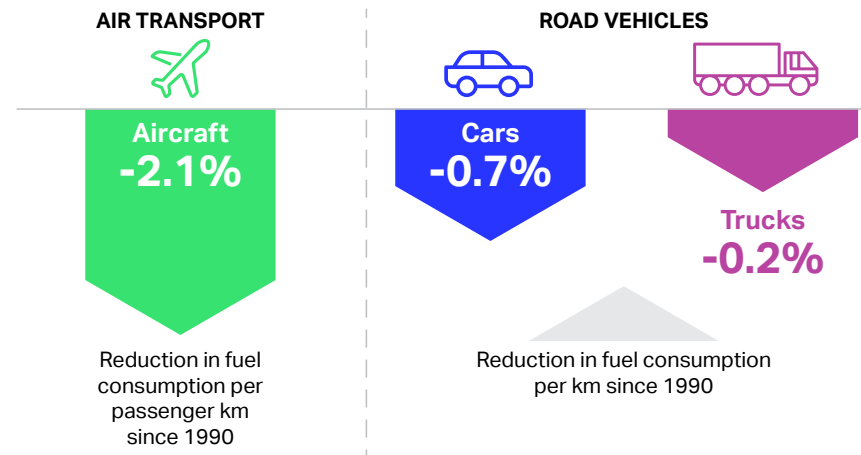
### Global operational efficiency

54.3% lower CO<sub>2</sub> per passenger kilometre



Source: ATAG

Efficiency is improving at a rate faster than road vehicles despite the availability of electric vehicles.



“

In the past decade, airlines and lessors have spent over a trillion dollars on more efficient aircraft; the aerospace sector has spent over \$150 billion in efficiency related R&D.

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# INDUSTRY RESPONSE (continued)

## Ambitious commitments

Recognising the need for action in 2021, the aviation industry responded with ambitious commitments to reach Net Zero emissions by 2050.

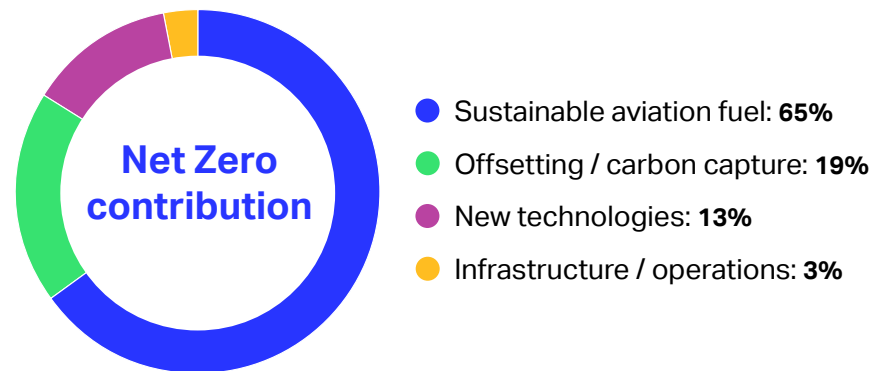
In October last year, IATA member airlines agreed to commit to Net Zero carbon emissions by 2050. The resolution aligns with the Paris agreement to limit global warming to 1.5°C. This followed similar commitments by Airlines for Europe, Airlines for America, the OneWorld alliance, and many individual airlines earlier in the year. Collectively over 300 airlines have committed to Net Zero 2050.

IATA and other organisations published detailed roadmaps to Net Zero during the year, outlining the ramp-up in sustainable aviation fuel, technology developments and efficiency improvements required to reach Net Zero.

Importantly the IATA plan foresees a declining need for the use of carbon offsets when new technologies are adopted and in-sector reductions take over.

Increased use of sustainable aviation fuel is expected to play a key role, accounting for 65% of the reduction in emissions per the chart below. Our existing aircraft can be powered with up to 50% SAF under current regulations.

### Contributing to achieving Net Zero Carbon in 2050:



Source: Air Transport Action Group, Waypoint 2050 report (September 2021) report and Aviation Benefits Beyond Borders report (September-2020).



## 21.5%

Reduction in CO<sub>2</sub> emissions per seat in the past 10 years.



## 1.5x faster

In the past 20 years the aviation industry has reduced emissions 1.5 times faster than the global economy.



## by 2050

Airlines and industry associations representing more than 300 airlines have made commitments to reach Net Zero CO<sub>2</sub> emissions by 2050.



## 65% SAF

IATA forecasts sustainable aviation fuel may account for up to 65% of the reduction in emissions. SAF can be used in our existing aircraft engines subject to regulatory limits.

# THE PATH TO DECARBONISATION




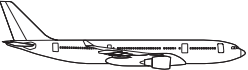

The path to decarbonisation requires a combination of new technologies, including electric and hydrogen power, large scale deployment of sustainable aviation fuel (SAF) along with incremental improvements in infrastructure and operations.

We expect to see the first fully electric powered commercial flights as soon as 2024 in the form of eVTOLs carrying up to 10 passengers on flights of up to 100 miles in urban areas.

For medium and long-haul routes, SAF may be the only practical decarbonisation pathway for the foreseeable future.

Hydrogen fuel has the potential to fully decarbonise aviation in the long-term but significant investments in infrastructure and aircraft design will be required.

The table below shows the expected time frame for each technology to gain impact on commuter, short-haul and long-haul aviation.

Flight Type	2020	2025 e	2030 e	2035 e	2040 e	2045 e	2050 e
 <p><b>Commuter</b></p> <ul style="list-style-type: none"> <li>• 9-50 seats</li> <li>• &lt; 60 minute flights</li> <li>• &lt;1% of industry CO<sub>2</sub></li> </ul>	SAF	Electric and/or SAF	Electric and/or SAF	Electric and/or SAF	Electric and/or SAF	Electric and/or SAF	Electric and/or SAF
 <p><b>Regional</b></p> <ul style="list-style-type: none"> <li>• 50-100 seats</li> <li>• 30-90 minute flights</li> <li>• ~3% of industry CO<sub>2</sub></li> </ul>	SAF	SAF	Electric or Hydrogen fuel cell and/or SAF	Electric or Hydrogen fuel cell and/or SAF	Electric or Hydrogen fuel cell and/or SAF	Electric or Hydrogen fuel cell and/or SAF	Electric or Hydrogen fuel cell and/or SAF
 <p><b>Short haul</b></p> <ul style="list-style-type: none"> <li>• 100-150 seats</li> <li>• 45-120 minute flights</li> <li>• ~24% of industry CO<sub>2</sub></li> </ul>	SAF	SAF	SAF	SAF	Electric or Hydrogen combustion and/or SAF	Electric or Hydrogen combustion and/or SAF	Electric or Hydrogen combustion and/or SAF
 <p><b>Medium haul</b></p> <ul style="list-style-type: none"> <li>• 100-250 seats</li> <li>• 60-150 minute flights</li> <li>• ~43% of industry CO<sub>2</sub></li> </ul>	SAF	SAF	SAF	SAF	SAF	SAF	SAF potentially some Hydrogen
 <p><b>Long haul</b></p> <ul style="list-style-type: none"> <li>• 250+ seats</li> <li>• 150 minute + flights</li> <li>• ~30% of industry CO<sub>2</sub></li> </ul>	SAF	SAF	SAF	SAF	SAF	SAF	SAF

Source: ATAG forecasts, % of industry as at 2018

# OUR CUSTOMERS' RESPONSE

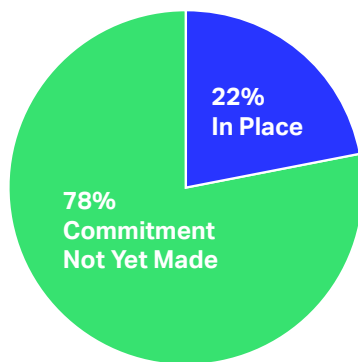
## Leading on commitments

Despite the ongoing COVID-19 pandemic, 2021 was a record year for our airline customers making new commitments and outlining plans to reduce their carbon emissions.

At year end, 23 of our customers representing 22% of our portfolio had made an individual commitment to reach Net Zero emissions by 2050.

This figure increases to almost 100% when commitments made through industry organisations including IATA, Airlines for Europe, Airlines for America and Association of Asia Pacific Airlines are included.

**Customers with Net Zero commitments**  
(as percentage of portfolio, Dec-2021):



## Going above and beyond

**Some of our customers have gone further and outlined detailed plans to reduce their carbon emissions through:**

- Accelerated fleet renewal programmes.
- Investing directly in companies developing new technologies such as electric and hydrogen powered aircraft.
- Announcing targets to use a certain level of Sustainable Aviation Fuel by a certain date and committing to offtake agreements.
- Investing in direct air carbon capture and storage.
- Investing in carbon offsets from other sectors.

## Engaging with new solutions

We have made rapid progress in placing our order for 500 VX4 eVTOL aircraft.

In the second half of the year, we announced placements with GOL for 250 aircraft and Japan Airlines for up to 100 aircraft. Both GOL and JAL are among our customers to already have made individual commitments to Net Zero 2050.

These placements reflect the extremely positive conversations we have had with our customers on eVTOLs. Their interest and engagement in the eVTOL sector has been ahead of our best-case expectation.

We believe that there is strong appetite from airlines across the globe to have access to the VX4 eVTOL aircraft. We are glad to be bringing zero emissions technology to our customers.



# 250

eVTOL Aircraft Order



# 100

eVTOL Aircraft Order

“

**These placements reflect the extremely positive conversations we have had with our customers on eVTOLs. Their interest and engagement in the eVTOL sector has been ahead of our best-case expectation.**

”

# FOCUS ON YOUNG FUEL-EFFICIENT AIRCRAFT

## Current fleet

Our current portfolio of aircraft is primarily comprised of young and fuel-efficient aircraft leased to airlines around the world. Our owned fleet had an average age of 5.8 years at year-end 2021 compared to the average age of the global commercial aircraft fleet of 11.4 years. Over 50% of our current portfolio is invested in new technology aircraft types delivering carbon dioxide, nitrogen oxide and noise emissions significantly below those of prior models. 86% of our aircraft are fitted with winglets, sharklets or scimitars to reduce fuel burn in flight.

As shown in the subsequent table, each of the aircraft types in our existing fleet and in our order book, when introduced to the world's fleet, are significantly more environmentally friendly than the aircraft they replace.

## 50%

New technology aircraft

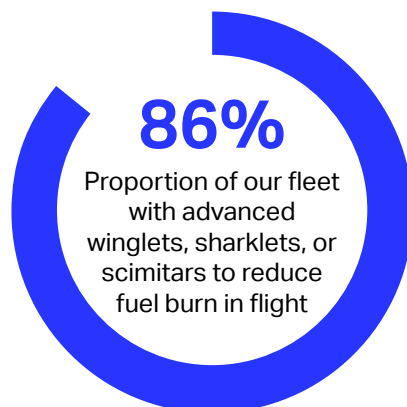
## 5.8yrs

Average age

## Future proofed

All of our existing aircraft can be operated with up to 50% sustainable aviation fuel (SAF) under current regulations. We believe our existing new-technology aircraft will play a key role in achieving the industry's target of Net Zero emissions by 2050.

We regularly invest in our existing aircraft to improve fuel efficiency, for example, adding winglets, sharklets, engine performance improvement packages and weight-saving modifications.



AIRCRAFT	NITROGEN OXIDES	NOISE POLLUTION	FUEL CONSUMPTION
<b>Airbus A320neo</b>	Up to 56% below CAEP/6	Up to 50% smaller footprint; Up to 20.6 EPNdB below ICAO Chapter 4	Up to 20% lower fuel burn & CO <sub>2</sub> emissions per seat
<b>Airbus A321neo</b>	Up to 55% below CAEP/6	Up to 54% smaller footprint; Up to 16 EPNdB below ICAO Chapter 4	Up to 22% lower fuel burn & CO <sub>2</sub> emissions per seat
<b>Airbus A330-900neo</b>	Up to 27% below CAEP/6	Up to 50% smaller footprint; Up to 16.1 EPNdB below ICAO Chapter 4	Up to 25% lower fuel burn & CO <sub>2</sub> emissions per seat
<b>Airbus A350-900</b>	Up to 31% below CAEP/6	Up to 40% smaller footprint; Up to 22 EPNdB below ICAO Chapter 4	Up to 25% lower fuel burn & CO <sub>2</sub> emissions per seat
<b>Boeing 737-800</b>	Up to 26% below CAEP/6	Up to 20% smaller footprint; Up to 5.8 EPNdb below ICAO Chapter 4	Up to 21% lower fuel burn & CO <sub>2</sub> emissions per seat
<b>Boeing 737 Max 8</b>	Up to 34% below CAEP/6	Up to 50% smaller footprint; Up to 16.3 EPNdb below ICAO Chapter 4	Up to 20% lower fuel burn & CO <sub>2</sub> emissions per seat
<b>Boeing 787-9</b>	Up to 42% below CAEP/6	Up to 50% smaller footprint; Up to 20.1 EPNdb below ICAO Chapter 4	Up to 31% lower fuel burn & CO <sub>2</sub> emissions per seat
<b>Boeing 777-300ER</b>	Up to 6% below CAEP/6	Up to 40% smaller footprint; Up to 7.1 EPNdb below ICAO Chapter 4	Up to 20% lower fuel burn & CO <sub>2</sub> emissions per seat

# NEW TECHNOLOGY ORDERBOOK

## Our new technology orderbook

We have made a commitment to increase the proportion of our fleet invested in new technology in our passenger fleet to at least 75% by 2025.

New technology aircraft use the most advanced engine technologies, composite fuselage and engine design, and advanced manufacturing processes to improve the aircraft's fuel efficiency, as well as reducing hazardous carbon, nitrogen oxide and other emissions as well as the aircraft's noise footprint.

Our orderbook of 232 is entirely comprised of new technology aircraft with advanced design features.

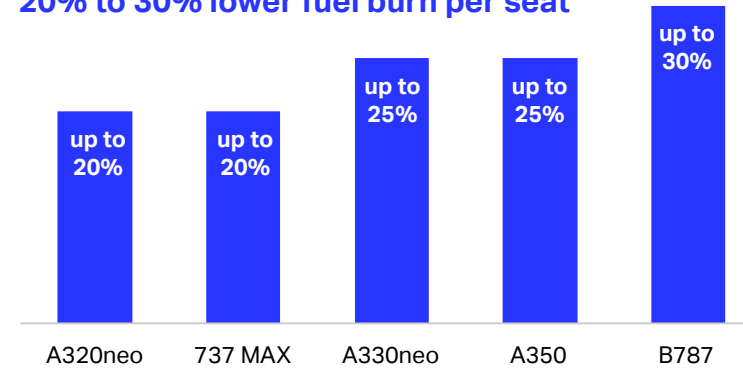
# 232

## New technology aircraft on orderbook

By investing in these aircraft which have greater fuel efficiency and emit fewer harmful emissions, we are helping our customers reduce their global environmental footprint.

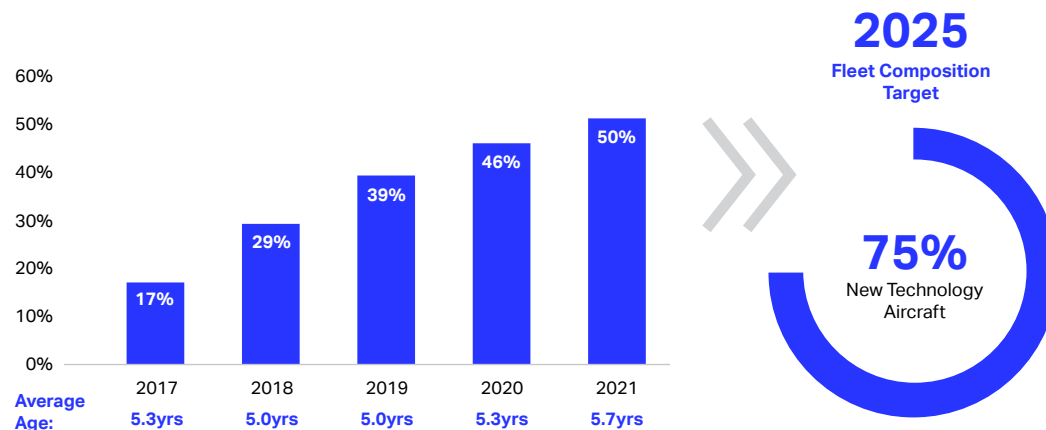
The need to replace aging aircraft is an important driver of new aircraft demand as airlines focus on fleet modernisation. Aligned with the needs of our customers, reduced fuel consumption, emissions and noise are our priority when ordering aircraft. By focusing on these qualities, we are introducing more environmentally conscious aircraft into the world's fleet.

## New technology orderbook delivers 20% to 30% lower fuel burn per seat



Aircraft comparisons: A320neo compared to A320ceo. A330-900neo compared to B767-300ER. A350-900 compared to B777-200ER. 737MAX compared to 737NG (no winglet). 787 compared to 767-300ER.

## Our transition to new technology aircraft (% of fleet)





# BACKING NEW TECHNOLOGY

Since inception, Avolon has focused on purchasing the most modern fuel-efficient aircraft in production and leasing these to our customers worldwide.

To date we have purchased over \$30 billion of aircraft and at the end of 2021, we had commitments to acquire a further 232 aircraft worth over \$13 billion.

In many cases we serve as a launch customer for Airbus and Boeing, placing the first orders for the aircraft, long before design has been finalised, certified and years ahead of aircraft delivery into service.

In 2014 we were a launch customer for the Airbus A330neo, identifying the economic and environmental benefits that an aircraft with up to 25% lower fuel burn could bring to our customers.

## \$13bn

Committed to acquire new technology aircraft at YE 2021



June 2014: Avolon places the launch order for the Airbus A330neo

**2010**

20x A320neo

**2011**

50x A320neo  
15x A320neo

**2012**

20x 737MAX  
10x 737NG

**2014**

30x A330neo  
15x 787-9  
70x A320neo

**2017**

Order for  
75x 737MAX

**2018**

Order for  
100x A320neo

Our new technology aircraft will be vital in helping the airline industry reach its future sustainability goals.

# BACKING ELECTRIC AVIATION

## Partnership with Vertical Aerospace

In June 2021, we announced a groundbreaking partnership with Vertical Aerospace alongside a \$2 billion order for up to 500 electric Vertical Take-Off and Landing (eVTOL) aircraft.

The partnership combines Avolon's scale and broad industry relationships with Vertical's leading position in the transition to electric aviation. It will see both companies collaborate throughout the development, roadmap to certification and subsequent commercial roll-out of Vertical's VX4 aircraft.



**Avolon's existing young and fuel-efficient fleet has been complemented by an investment in a new category of aircraft that will produce zero operating emissions.**



## The role of electric aviation

While electric powered aircraft are unlikely to replace large commercial aircraft in the next 20 or even 30 years, particularly on flights of more than 4 hours, they will initially disrupt the ultra short-haul and subsequently regional travel. For example in Norway all short haul flights must be 100% electric by 2040.

We believe eVTOLs represent the first step in the transformation of the short-haul aviation market. With current battery technology it is possible to build an aircraft capable of flying 4 passengers plus a pilot up to 100 miles at speeds of over 200mph. We expect that by the end of this decade we will see aircraft capable of carrying 8, 12 and up to 20 passengers on similar journeys.

## Vertical Aerospace VX4



### CAPACITY

**5  
People**

1 x pilot  
4 x passengers

### NOISE

**100x  
Quieter**

than a  
helicopter  
at cruise

### RANGE

**100+  
miles**

### SPEED

**200+  
mph**

### SAFETY

**100x  
Safer**

versus  
helicopter  
safety  
standards

# CIRCULAR ECONOMY – REUSE & RECYCLE

**While we maintain a young fleet with few assets more than 10 years old, we consider the full life cycle of each aircraft to support our commitment to sustainability. Where possible we look to extend the useful life of our aircraft through conversion to dedicated freighter operations. When aircraft reach the end of their economic life, we seek to recycle as high a proportion of the aircraft components as possible to reduce waste and ensure non-recycled materials are correctly disposed of.**

## Re-use: freighter conversion

We seek to opportunistically extend the life of our aircraft through freighter conversion opportunities which reduces the impact of aircraft decommissioning on the environment.

In September 2021, we became the launch customer for the IAI A330-300 Passenger-to-Freighter conversion programme, with a commitment to 30 conversion slots between 2025 and 2028. IAI is the leading independent freighter conversion company.

The IAI A330-300BDSF is capable of carrying 20% more cargo than the 767-300ER it replaces. With a range of over 3,600 nautical miles at maximum payload of 61 tonnes, it is uniquely placed to support the forecasted growth in e-commerce over the next 20 years.

## Recycle

Where aircraft reach their end-of-life in passenger operations and freighter conversion is not possible, we are committed to removing these aircraft from service (decommissioning) in a sustainable manner.

Each aircraft is different, but on average we estimate that up to 90% of the weight content in retired aircraft is re-used or recycled, reflecting the fact that both re-useable parts and recycled materials represent some value. Usually, less than 10% of material is treated as waste and this 10% is comprised of carbon-fibre material, and other unrecyclable material consisting of the of cabin interior components such as carpets, seat cushions, sidewalls and ceiling panels.

When an aircraft is to be decommissioned, we require our aircraft recycling and dismantling service providers to comply with industry best practice including IATA's Best Practices for Aircraft Decommissioning, and where applicable to obtain Aircraft Fleet Recycling Association (AFRA) accreditation.

# 10

**Aircraft consigned for parts recycling in 2021**

# Up to 90%

**of an aircraft can be recycled**





# EFFICIENT OWN OPERATIONS

## Global headquarters at Number One Ballsbridge, Dublin, Ireland

Our global headquarters, Number One Ballsbridge, accounts for 76% of our global office space. Ranging over six floors, it is a state-of-the-art work environment in an energy-efficient LEED Gold rated building. It provides a spacious open-plan working environment, dedicated wellness and personal development rooms and complimentary staff canteen.

### We have a range of measures in place to reduce the environmental impact of our own operations:



Indoor environmental factors such as humidity, temperature and CO<sub>2</sub> levels are continuously monitored in our Dublin office to provide highest quality workplace.



Building designed to maximise levels of daylight throughout the building and across office.



100% of electricity for our Dublin office acquired from renewable sources.



Energy-efficient lighting with LED throughout, controlled using daylight and proximity sensors.



Use of energy recovery ventilation.



We support cycle to work schemes and public transport options where appropriate, and we have shower facilities on-site in some locations for staff who cycle, walk, or run to work.



We promote use of hybrid and electric vehicles by providing free on-site charging facilities.



We provide home office technology and furniture to promote work from home and reduce office commuting.



Our food provider in Dublin is a member of the Irish government supported Origin Green programme.



Building-wide outgoing waste separation with multi-stream recycling. We have removed single-use plastics from our offices.



Office Energy Rating:  
**LEED GOLD**





# MEASURING OUR CARBON FOOTPRINT

## Business travel

We recognise that business travel is a material source of Greenhouse Gas ("GHG") emissions. The global nature of our business necessitates a certain level of international travel. While the COVID-19 pandemic has demonstrated that some meetings can be held virtually, maintaining close relationships with our customers, investors and other stakeholders is fundamental to our business.

We are carefully measuring our business travel emissions with a view to reducing these where possible and offsetting residual emissions in the near future.

## Measuring emissions

In this Report we provide emissions data for our offices (electricity and natural gas), business travel and leased and managed aircraft. We intend to broaden the scope of our emissions reporting in future reports to include emissions arising from waste disposal and water use.

Our Dublin headquarters represents 76% of our global office space. We approximate emissions for our global offices based on emissions from our headquarters.

## Scope 1 emissions

Our Scope 1 GHG emissions arise from the combustion of natural gas for the heating of our offices.

## Scope 2 emissions

Our Scope 2 GHG emissions are indirect emissions from electricity acquired to power our global offices.

100% of electricity consumption for our global headquarters is acquired from certified renewable sources.

## Scope 3 emissions

Scope 3 emissions include business travel (commercial air transport, public transport and executive travel) and the emissions of our owned and managed aircraft.

We will continue to assess, gather data, quantify and include Scope 3 GHG emissions for upstream and downstream categories that are relevant and material to our business.

## Emissions disclosure

2019

2020

2021

	2019	2020	2021
<b>Scope 1 GHG emissions (tCO<sub>2</sub>e)</b>			
Natural gas combustion	340	508	376
<b>Total Scope 1 emissions</b>	<b>340</b>	<b>508</b>	<b>376</b>
<b>Scope 2 GHG emissions (tCO<sub>2</sub>e)</b>			
Acquired electricity	94	78	73
<b>Total Scope 2 emissions</b>	<b>94</b>	<b>78</b>	<b>73</b>
<b>Scope 3 GHG emissions (tCO<sub>2</sub>e)</b>			
Business travel	5,225	1,439	1,315
Leased aircraft	15,900,000	6,950,000	8,750,000
Managed aircraft	2,190,000	900,000	920,000
<b>Total Scope 3 emissions</b>	<b>18,095,225</b>	<b>7,851,439</b>	<b>9,671,315</b>

Source: IBA Carbon Calculator and Aviation Working Group Carbon Calculator.



# Our People & Our Community

# INTRODUCTION

We seek to be the Employer of Choice in our industry. Our approach to our people and our responsibility to our community is built on four pillars. We work hard to ensure the wellbeing of our team; we invest to attract and retain the best people for our business; we foster a diverse and inclusive place to work; and we ensure we support the communities in which we live and work.

These four pillars are underpinned by a strong culture, values and a desire to always create a positive work environment where our employees feel connected to an organisation which values them.



“

**The engagement we create among our people is a differentiator for our business. Our TRIBE sets us apart from our peers and is the foundation on which we deliver for our customers, investors and shareholders. The cornerstone of our success has, and always will be, how we care for our TRIBE. Our commitment is to create the best environment for them to perform – individually and collectively.**

”

**Ciara Ruane, Chief People Officer**



# INTRODUCTION (continued)

**Our approach to our people and our responsibility to our community is built on these four pillars:**



## EMPLOYEE WELLBEING

We have amazing people in our business. Our focus is to ensure they are cared for and provided the optimal environment in which to perform.

Our employees deliver exceptional results, going above and beyond to create successful outcomes for our customers, investors and shareholders.

To support our TRIBE to deliver these results, we promote a workplace which cares for their physical and mental wellbeing and promotes work-life balance.



## ATTRACT & RETAIN TALENT

Our people are at the core of our business and drive our competitive advantage. Our ability to attract, develop and retain the best talent is critical to our long-term success.

We invest in continuing employee personal and professional development across all levels of the organisation.

Feedback from our employee engagement survey has been used to implement new initiatives such as flexible working.



## DIVERSE & INCLUSIVE

We are focused on providing a workplace where every employee can bring their true self to work.

We embrace and promote all aspects of diversity in our business and believe it is central to long-term success.



## COMMUNITY INVOLVEMENT

Our corporate social responsibility programme, titled CARE, seeks to support causes which are important to our TRIBE and the local communities in which we work.

While primarily focused on those in need, we also support the cultural initiatives and the arts which we see as another important aspect of community support.

# 2021 PEOPLE HIGHLIGHTS

Our objective is to provide each and every employee with a positive work experience and support their career development in the belief that engaged employees will create long-term success for our business.



## Diversity and Inclusion

Comprehensive unconscious bias training. Reviewed and refreshed attraction and promotion processes to minimise bias. 95% of employees completed the full 3 session / 4 hour programme.



## Additional benefits

Introduced 2 weeks paid leave for early pregnancy loss.



## Establishment of Chief People Officer role

Reflects the importance of people to our business.



## Supporting employees through COVID

Employees enabled to continue working from home. Encouraged employees to switch off at end of week. Additional wellbeing supports.

## 300 EMPLOYEES

### LOCATIONS:

IRELAND: 241

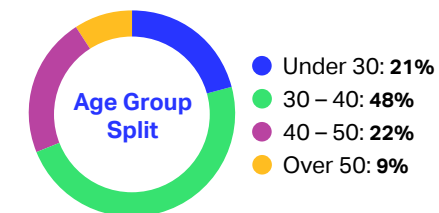
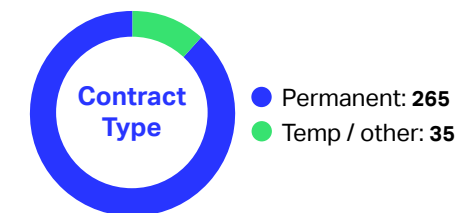
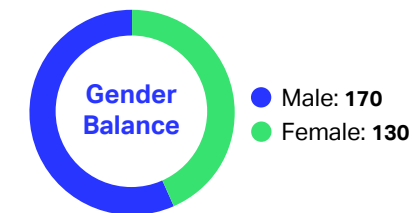
HONG KONG: 25

SINGAPORE: 9

DUBAI: 1

UK: 1

AMERICAS: 23



# EMPLOYEE WELLBEING

Balanced, flexible, adaptable

## Work-life balance

Avolon is a fast paced, high-performing organisation. While this brings rewards, career satisfaction and opportunities for progression, as outlined within this report, we recognise the challenges this also places on our team.

We have worked hard to create an environment that allows our employees find the right balance for them and their personal commitments; and ensures we care for both their physical and mental wellbeing.

Work life balance was identified as an overriding theme when we undertook our first Employee Engagement Survey in December 2017 and we have established a number of clear structures to promote flexibility in the work-place – listed opposite.

## Recharging the batteries

We recognise that at certain points in their career, employees need more time out to reflect and to grow than can be achieved with regular annual leave. We have a generous suite of extended leave options to suit all requirements subject to business needs:



- 4 weeks full paid **"recharge leave"** upon completion of each 5 years of service.
- 6 months unpaid **sabbatical leave** post 7 years of service.
- 2 weeks additional **unpaid leave** per year.

## Flexible working



### Flexible working hours

Core hours, working from home and summer hours.



### Generous employee leave

Annual leave, company days, study and exam leave.



### Family leave

Maternity, Paternity and Parents leave.



### Home office

Full IT and office equipment provided to all employees.



### Parents support

Seminars and group discussion to help working parents.



### Smart working policy

Allowing employees to work from home for up to 2 days a week.

## Adaptable

If the COVID pandemic has taught us one key lesson it is that our team can and will adapt to any challenge where they have the support to do so. We are particularly proud of how our TRIBE has managed through the pandemic despite the impact it has had on bringing the workplace into their homes. As the pandemic has continued, we continue to support our team to ensure they are able to balance the challenges of working remotely and the added pressures this brings.



# EMPLOYEE WELLBEING

Physical and mental health



## Caring for our people

We work hard to protect and enhance the physical and mental wellbeing of our TRIBE. Avolon provides a comprehensive package of benefits to ensure our employees are covered at all stages of life.

In addition to a competitive compensation package and company funded pension scheme we provide full health insurance for employees and their families, life assurance, income protection, paid sick leave and travel insurance.

Over and above this, we have a range of activities and initiatives to promote physical and mental wellbeing – and foster a more connected and fun work environment – for our TRIBE.

## Physical wellbeing

Going above and beyond is our mission and that includes looking after all elements of our employees' health and wellbeing. We firmly believe that a healthy body and healthy mind contribute to overall wellbeing and a happier TRIBE.

**Our employee health and wellness benefits focus on the physical and mental health of our employees and include:**



A generous reimbursement of wellness activities and sports fees.



Company organised yoga, pilates and fitness classes.



Organised social events for TRIBE members and their families.



Company organised tennis and swimming lessons.



Social Clubs including tag rugby, fitness/boot-camp, entertainment, tennis, boxing, etc.

## Mental health supports

Ensuring our TRIBE's mental health is cared for is as essential as their physical health.

Along with our health insurance provider, our Employee Assistance programme is available 24/7, 365 days a year.

We have trained several of our employees to be Mental Health First Aiders who can help assist if a colleague is struggling with their mental health.

We also facilitate awareness sessions within the Mental Wellbeing space and ran a number of sessions on managing mental health during COVID-19.







# ATTRACTING & RETAINING TALENT

## Building a recruitment pipeline

**Finding the best talent is the first step to building a great organisation. Headquartered in Dublin, we are lucky to be based in the heart of the aircraft leasing industry and benefit from a large talent pool of highly experienced employees. Where possible we aim to recruit employees early in their career and to grow their talents over time. This allows each employee to build a long-term relationship with the firm, to fully understand our culture. We invest heavily in our local communities to ensure that there is a large pool of suitable applicants for each role and that we attract the best, which is the basis of our Employer of Choice ambition.**



UCD Michael Smurfit  
Graduate Business School



### Graduate Programme

In 2018 Avolon launched its inaugural Graduate Programme offering five outstanding students a one-year graduate placement within the business. The primary objectives of the programme were to launch Avolon as the leading graduate employer of choice, while simultaneously attracting a qualified and diverse talent pool.

### MSc. in Aviation Finance

Avolon is committed to supporting the next generation of industry professionals through educational programmes. Avolon, along with other major aircraft leasing companies, is a sponsor of the prestigious MSc in Aviation Finance Programme at University College Dublin ("UCD") Michael Smurfit Graduate Business School. In addition to the sponsorship, some of our key employees lecture on this programme and internships are provided by the company to a number of students from the programme, giving graduates the opportunity to gain valuable experience in a range of disciplines.

### ISTAT Rising Executives Programme

Avolon is the launch sponsor of the ISTAT Rising Executives Programme which offers networking and educational opportunities to ISTAT members and professionals with less than ten years experience in the commercial aviation industry. Through networking events, educational offerings, content sharing and more, the ISTAT Rising Executives community provides the necessary resources commercial aviation professionals need to succeed in their roles and become future leaders in the industry.

# ATTRACTING & RETAINING TALENT

## Personal & professional development

We believe that offering our TRIBE the opportunity for ongoing professional development helps them reach their potential as individuals and also contributes to a more effective team which can support each other and our customers.

### Space to learn and grow

We continually invest in our TRIBE to support their professional development.

We offer targeted career development opportunities including cross functional mobility, stretch assignments, education reimbursements, coaching programmes and online digital learning platform.

Individual development planning is open to all employees including regular career conversations and check-ins which support the development and execution of individual development plans.

### Some examples of the personal and professional development initiatives available to all employees include:



#### Global secondment programme

International work experience and the chance to broaden your horizons across our global offices.



#### Regular performance conversations

All employees encouraged to have regular 30/30 performance conversations with their manager, 30 minute informal conversations every 30 days. All employees participate in annual performance review process including alignment of individual goals with corporate and team objectives, longer term personal development plans and end of year appraisal feeding into compensation discussions.



#### Employee education sponsorship

Reimbursement for registration, tuition and examination fees for approved programmes.



#### INSEAD Executive Development Programme

A strategic learning partnership with the world's leading business school.



#### Inter-department secondments

Gain experience within a different setting, develop skills and build relationships.



#### LinkedIn Learning

Access for all employees including Avolon specific personal development programmes aligned with behavioural framework.



#### Membership of professional institutions

1 paid membership subscription per year to a recognised Professional Institute.



**We offer targeted career development opportunities including cross functional mobility, stretch assignments, education reimbursements, coaching programmes and online digital learning platform.**



# ATTRACTING & RETAINING TALENT

## Listening to our employees

**In order to ensure we continue to promote an attractive work environment and consider every aspect of employee experience, we continually solicit the views of our TRIBE. This ensures that the voice of our TRIBE is shared with and understood by business leadership and helps inform major business decisions.**

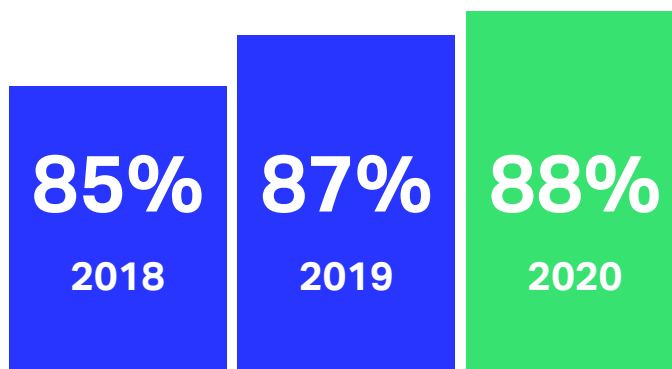
### A highly engaged TRIBE

Since 2017, our employees have shared their insights and experience on working at Avolon so that we can deliver on our objective to be an Employer of Choice. We want our workplace to be a positive one – and in achieving this, we will drive the right business results through the right behaviours and attitudes.

Having highly engaged employees, who know their voice is heard and respected, leads to a variety of positive outcomes such as improved productivity, a fairer working environment, greater retention, increased customer satisfaction and long-term business success.

### Strong overall engagement score

*Note: due to the COVID-19 pandemic we were unable to perform our annual engagement survey in 2021 and are in the process of launching our 2022 survey.*



### Annual employee engagement survey

Our annual employee engagement survey gives employees an opportunity to have their say. The survey is conducted independently by external consultants with results benchmarked against a broad range of companies globally. Responses are anonymous to encourage open and honest feedback and the results aggregated at an organisational, team and geographic location level.

We are proud that we had an outstanding engagement score putting Avolon among the highest engaged companies globally.

Employee feedback from each engagement survey has been used to identify new initiatives and create the best working environment possible for our employees to thrive.

### 2020 ENGAGEMENT SURVEY

88%

**Engagement Score**

87%

**Would recommend Avolon as a great place to work**

95%

**Response rate to online survey**

# THOUGHT LEADERSHIP

Since our foundation, Avolon has been consistently recognised as a thought leader in the aviation industry. In January, we issued our 2022 annual outlook paper, *Rise Above*, summarising the state of the industry at the end of the decade and setting out our traditional 'Fearless Forecasts' for the year ahead. As expected, 2021 was a year which presented challenges for the industry.

Avolon also believes it has an important role to play in helping nurture other start-up businesses who can learn from the opportunities and challenges Avolon has faced over the past 10 years. In 2019, we published *Project i*, a detailed report which laid out a road map to position Ireland at the forefront of global start-up innovation. The white paper accentuates Avolon's entrepreneurial DNA and led to a follow-on event hosted in our Dublin head office in October titled *Accelerate i*.

*Accelerate i* was a pioneering collaboration with the Irish State agency responsible for start-ups and innovation, Enterprise Ireland, and brought together over 100 Irish start-up companies. Together with a range of guest speakers, the Avolon TRIBE shared their start-up experiences covering capital raising, building customer relationships, team building and the art of storytelling.



**Pictured Above**

*Accelerate i* was an event hosted in partnership between Avolon and Enterprise Ireland.



[Click to download 2022 Outlook paper](#)

“

*Accelerate i* was a pioneering collaboration with the Irish State agency responsible for start-ups and innovation, Enterprise Ireland, and brought together over 100 Irish start-up companies.

”

[Click to download Project i paper](#)



# AVOLON AVIATION SCHOOL

Avolon is committed to building stronger and deeper relationships with its global customer base and with a broad range of industry stakeholders. As part of this commitment, and consistent with a deep learning culture, Avolon has hosted a number of 'Avolon Aviation School' events.

80 delegates from 75 customers and other stakeholders attended the most recent event, which focused on all aspects of aircraft leasing and finance. The Avolon TRIBE delivered sessions which also included input from external industry veterans and engagement with Avolon's Executive Committee.



**Avolon's Aviation School is now a truly global event, with 34% of delegates from EMEA, 21% from North America, 16% from LATAM and 29% from the APAC region.**



Avolon's Aviation School is now a truly global event with 34% of delegates attending from EMEA, 21% from North America, 16% from LATAM and 29% from the APAC region. The delegates include customer airlines, technical service providers, OEMs, banks and other service providers.

#### **Pictured Right**

Avolon's Aviation School has seen over 150 delegates attend the event in our Dublin HQ.

#### **Pictured Below**

Events like Avolon's Aviation School enhance our deep and strong customer relationships.





“

We set out to create a company which would be more than just a place to work, a company where employees would feel deeply connected to the company and where work was highly rewarding.

”

Andy Cronin, President & Chief Financial Officer



# DIVERSITY & INCLUSION

## A global company with a diverse workforce

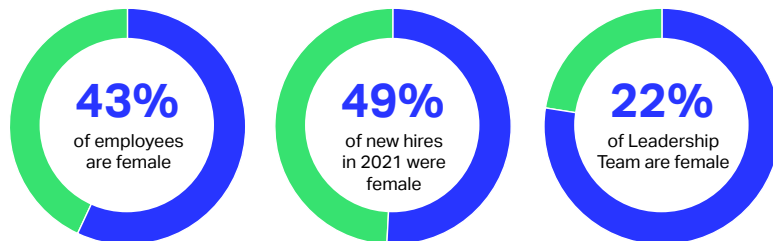
Avolon places significant emphasis on being an equal opportunities employer, with clear non-discrimination policies and processes in place; and an emphasis on attracting and retaining people in a diverse and inclusive work environment.

Our D&I initiatives are led by a Diversity & Inclusion Committee which is tasked with ensuring the business lives up to its D&I vision and ambitions.



## Diversity & Inclusion

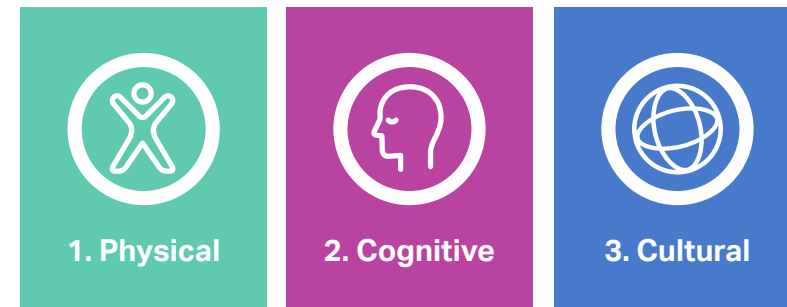
In particular, Avolon strongly supports attracting women to the aviation sector, and this commitment is reflected in the gender diversity of the company, from new hires to our Leadership Team. Our workforce of 305 employees is 43% female, with 49% of new hires in 2021 being female.



## Our workforce vision:

*Sustain an open environment where people can bring their true selves to the workplace; which cultivates and hears all views and recognises people based on their merits without bias.*

**Our D&I Strategy, overseen by a D&I Committee, implements initiatives that encompass our three D&I pillars:**



Despite a challenging year that saw our TRIBE spend the majority of their time working from home, the Diversity & Inclusion Committee continued to launch a number of important initiatives in 2021. Key among these was the roll out of a Smart Working programme that reached far beyond home working arrangements making it sustainable and resilient.

In its continued efforts to support the TRIBE, the D&I Committee launched an initiative to promote knowledge and experience sharing across the employees by participating in support groups covering specific topics.

The Committee also ensured that our recruitment and promotion processes were strengthened to reduce the risk of unintentional bias. Some of the changes include gender balanced interview panel and line manager exclusion from first round interviews.

# DIVERSITY & INCLUSION (continued)

## Engaging and insightful views

Numerous external speakers presented virtually to the TRIBE during the year on topics that were particularly pertinent in the recent past, such as addressing the challenges of achieving the right work-life balance during a period of unprecedented disruption in everyone's lives, both in and out of work. The continued series of speakers also welcomed speakers from ESG and industry leaders, cultural values experts to an Irish Olympian.



## Supporting diversity initiatives

Over and above promoting diversity within the business, Avolon also supports a number of key industry initiatives aimed at supporting diversity in aviation, a sample of which are included below:

- Avolon sponsors the ISTAT Rising Executives speaker series and the women's networking events.
- Advancing Women in Aviation Roundtable's (AWAR) mission is to engage with CEOs and other senior executives to build awareness and develop actionable strategies to promote the development and advancement of women leaders in the aviation industry. Avolon has sponsored AWAR events.



## Unconscious bias training 2021

Training is an ongoing process at Avolon. Challenging ourselves through ongoing training is positive for individual professional development but is also positive for the business as a whole.

In 2021, Avolon engaged MindGym to provide unconscious bias training to all employees.

**This training included three online sessions totalling 4 hours covering:**

- Building an inclusive culture.
- Recognising unconscious bias.
- Encouraging employees to call out bias when they see it.
- Micro-messaging and bystanding.



# 33

sessions

# 750

employee hours





# CARING FOR OUR COMMUNITY

At Avolon our responsibility to our local communities takes its form through our CARE programme. CARE enables our employees to take the lead in collaborating with local and international partners to promote innovation, social development, education and meaningful change in the world. The CARE initiative is delivered under four pillars, Community, Care Days, Resources, and Education.



## COMMUNITY

We want to help make our local and global communities better places to live in, now and into the future.



## AVOLON CARE DAYS

Each year, Avolon arranges an all staff CARE day, for each of our office regions. CARE days allow our teams to donate their time and efforts to projects that matter most to them.



## RESOURCES

We want to implement strategies to ensure resources are available for those who cannot access them today and be available for all in the future.



## EDUCATION & ENTREPRENEURSHIP

Fostering in ourselves and others the continued drive for growth and success.

### 2021 CARE highlights

During 2021, we donated \$15,700 to the **COVID Crisis in India through UNICEF** who procured new oxygen generating plants, additional RT-PCR testing and RNA Extraction Machines for Indian hospitals.

We also campaigned for UNICEF's "**Get a Vaccine, Give a Vaccine**" initiative. For every fully vaccinated member of the TRIBE, we donated 50 vaccines worth to UNICEF. Our total contribution came to \$40,000.

Despite the restrictions imposed by the global pandemic, the Dublin office arranged for two "Mini" CARE Days in **Barretstown**, a camp for children living with serious illnesses who in 2020 and 2021 were more isolated than ever before.

Avolon's pilots also hosted two Flying Experience CARE Days, the first in Weston Aerodrome for the children of **St James' CBS**, and the second in Navan Airfield, where established Aer Lingus pilot Lisa Cusack led a **Women in Aviation day**. These days reinforced the importance of Avolon's D&I culture and our love of flying.

### Long-standing CARE relationships

Avolon remained loyal to charitable partners during 2021 such as: **Vita** where we donated over \$28,000 in lieu of the **Great Ethiopian Run**; the **Alzheimer's Society of Ireland** where \$22,500 contributed to national services and supports; **Orbis**, where over \$10,000 helped to set up an online Christmas shop with all proceeds going directly to the Charity; and \$22,500 to Mark Pollock's **Run in the Dark**.

## >\$400k

Donated by CARE during 2021

## >40

Different initiatives supported

# CASE STUDY

## Our response to COVID-19

At the onset of the COVID-19 pandemic, Avolon led a global humanitarian effort that delivered over 4 million individual pieces of PPE to Ireland during the months of April, May and June 2020. The PPE was sourced in China and flown to Ireland on aircraft chartered by Avolon. The cargo included urgently needed ventilators, surgical gowns, masks, visors, gloves and face shields, which were donated directly to the Irish Health Services Executive for delivery straight to the front lines of the battle against COVID-19.



“

**Members of the Avolon TRIBE donated over €100,000 to the Avolon PPE Cargo Fund.**

”



Avolon was partnered in this humanitarian venture by HNA and Aircraft Leasing Ireland. We also instigated the Avolon PPE Cargo Fund, a crowdfunded initiative that raised €350,000 from members of the public within seven days. We joined forces with international logistics company PCH, based in Ireland and China who sourced the PPE, as well as Irish musical legends U2, who purchased much of the PPE that was safely transported to Dublin from China.

Members of the Avolon TRIBE donated over €100,000 to the Avolon PPE Cargo Fund, which included monetary donations and over 100 annual leave days.



[Watch the video click here](#)



### **Clockwise from top left**

Despite the challenges presented by 2020, Avolon still embraced its CARE initiatives, which included an Avolon led humanitarian effort that delivered over 4 million pieces of individual PPE to Ireland from China.



# Governance Excellence

# INTRODUCTION

**Fostering a strong culture of transparency, respect and integrity in our corporate governance has always been core to Avolon's DNA. Three factors embed this in our DNA:**



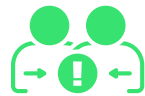
## 1. Board and management

Avolon has a strong, experienced Board which provides effective oversight and stewardship of our business. The Board is comprised of our shareholders, management and an independent director. Our governance framework requires that certain key decisions are approved by both shareholders.



## 2. Behaviours and culture

Our TRIBE values are core to how we conduct our business and ensure that we act with responsibility and integrity. Our values underpin our approach to all our policies and procedures. These are overseen by our Business Integrity department and rolled out to all employees through rigorous and ongoing mandatory training modules.



## 3. Risk management and controls

Our culture together with robust financial and operational controls ensure risk management is embedded within our business. Core to the sustainability of Avolon is understanding the risks we take and how they impact the commitments we make. Our risk management framework gives visibility into how risks interact through time and under varying degrees of stress.



# OUR SHAREHOLDERS



Bohai Leasing Co., Ltd. is a leading global leasing company listed on the Shenzhen Stock Exchange (SLE: 000415) and is a CSI 300 index company. Bohai Leasing owns a portfolio of market leading transportation and infrastructure asset leasing companies principally focused on aircraft and container leasing. The Company is the only listed leasing company on the Chinese A-Share stock market and is the only fully licensed leasing operator in Mainland China.



ORIX Aviation Systems Limited ("ORIX Aviation"), established in 1991 in Dublin, Ireland and has grown to over 200 owned and managed aircraft on lease to over 50 airlines.

ORIX Aviation Systems Limited is a 100% subsidiary of ORIX Corporation ("ORIX") (TSE: 8591; NYSE: IX), an opportunistic, diversified, innovation-driven global powerhouse with a proven track record of profitability. ORIX's highly complementary business activities span industries including: energy, private equity, infrastructure, automotive, ship and aircraft, real estate and retail financial services. ORIX has also spread its business globally by establishing locations in a total of 38 countries and regions across the world. Through its business activities, ORIX has long been committed to corporate citizenship and environmental sustainability.



**Experienced strategic long-term shareholders with expertise in aviation and leasing.**



**Both listed shareholders create an additional layer of governance.**



**Board composition dictated by Shareholder Agreement.**

# BOARD OF DIRECTORS

## Board composition

As a privately held company, our board composition and board procedures are directly controlled by our Shareholders through a Shareholder Agreement. Our shareholders Bohai and Orix have appointed highly experienced directors as shown opposite.

## Strong oversight

- Monthly financial statements and management accounts.
- Quarterly CEO, CFO & CCO reports including market updates, trading activities and credit/ airline watch list updates.
- Internal audit reports.
- Corporate objectives.
- Business plan.
- Audited financial statements.
- Risk management papers.

## Bohai nominated directors



**CHRIS JIN**  
NON-EXECUTIVE CHAIRMAN

Chris Jin has served as a director since January 2016. Mr. Jin has served as Chief Executive Officer of HNA Capital Group Co., Ltd. since November 2016 and Chairman of the Board of Bohai since October 2020.

### Board Committees:

- Audit Committee (Member)
- Remuneration Committee (Member)
- Risk Management Committee (Member)
- Nominating & Corporate Governance Committee (Member)



**RACHEL BAI (XIAOYU BAI)**  
NON-EXECUTIVE DIRECTOR

Rachel Bai has served as Vice President and Risk Control Director of Bohai Leasing Co., Ltd. since December 2016 and Director of the Board of Tianjin Bohai since July 2018.

### Board Committees:

- Risk Management Committee (Member)
- Nominating & Corporate Governance Committee (Member)



**JULIAN WANG**  
NON-EXECUTIVE DIRECTOR

Duan (Julian) Wang has served as President of HNA Group North America LLC since January 2019 and has served as Executive Vice President of HNA Capital Group Co., Ltd since February 2020. Mr. Wang has served in HNA Group for over 15 years.

# BOARD OF DIRECTORS

(continued)

## ORIX nominated directors



### KEI KITAGAWA

#### NON-EXECUTIVE DIRECTOR

Kei Kitagawa has served as a director since April 2020. Mr. Kitagawa is a member of the Board of Directors of ORIX Aviation. He also serves as Executive Vice President, Deputy Head of Global Transportation Services Headquarters and Head of Aviation and Investment Group for ORIX Corporation.

#### Board Committees:

- Audit Committee (Member)
- Remuneration Committee (Member)
- Nominating & Corporate Governance Committee (Chairperson)



### JAMES MEYLER

#### NON-EXECUTIVE DIRECTOR

James is the Chief Executive Officer of ORIX Aviation Systems Limited and ORIX Aviation Hong Kong with 23 years' experience in the aviation industry. Prior to this, he held the positions of Deputy Chief Executive and Chief Commercial Officer of ORIX Aviation.

#### Board Committees:

- Risk Management Committee (Chairperson)

## Chief Executive Officer



### DÓMHNAL SLATTERY

#### CHIEF EXECUTIVE OFFICER

Dómhnaíl Slattery has served as our Chief Executive Officer since our inception in May 2010. As Chief Executive Officer, Mr. Slattery sets the company strategy and commercial objectives and oversees their execution.

## Independent Director



### DENIS NAYDEN

#### NON-EXECUTIVE VICE CHAIRMAN

Denis Nayden has served as Vice Chairman of our Board since June 2016 and was previously the Chairman of the Board from May 2010 to January 2016. Mr. Nayden is currently Chairman, Investment Committee member and Operating Investor at Harkness Capital Partners.

#### Board Committees:

- Audit Committee (Chairperson)
- Remuneration Committee (Chairperson)

# LEADERSHIP

The Leadership team is comprised of the Executive Committee and the Senior Management Team. It is the primary decision-making group within the company with overall responsibility to direct day-to-day operations of the company.

## Executive Committee



### Dómhnal Slattery

Chief Executive Officer

Dómhnal Slattery has served as our Chief Executive Officer since our inception in May 2010. As Chief Executive Officer, Dómhnal sets the company strategy and commercial objectives, and oversees their execution.



### Andy Cronin

President & Chief Financial Officer

Andy Cronin has served as Chief Financial Officer since our inception. He is responsible for leading the Finance and Capital Markets Teams.



### Paul Geaney

Chief Commercial Officer

Paul Geaney was appointed the Chief Commercial Officer at Avolon in July 2021. He is responsible for the Origination Team at Avolon, all aircraft origination, marketing activity and the management of Avolon's orderbook.



### Ciara Ruane

Chief People Officer

Ciara Ruane was appointed Chief People Officer in October 2021 and is responsible for leading Avolon's people strategy, which includes employee experience, recruitment, rewards, retention, leadership development, learning and diversity & inclusion.



# MAKING DECISIONS

While the Board has delegated authority to operate the day-to-day affairs of Avolon to the Leadership team, the Shareholder Agreement sets out Board Reserved Matters which require the prior approval of the Board. Furthermore, there are specific Shareholder Reserved Matters that require the approval of both shareholders.

The clear governance structure set out within the Shareholder Agreement provides very strong oversight of key strategic decisions by the Board. The Shareholder Reserved Matters provide strong protection to both shareholders and other stakeholders in the business.

## Strong oversight of key decisions by the Board and Shareholders



**The clear governance structure set out within the Shareholder Agreement provides very strong oversight of key strategic decisions by the Board.**



### Board Reserved Matters

The following matters require majority approval by the Board:

- Acquisitions, disposals or JVs over a certain threshold.
- Financial framework, including financings over a certain threshold.
- Adoption of any audited annual accounts.
- Commencement or settlement of any litigation, arbitration or other proceedings which are material in the context of the business.
- Change to the accounting reference date or accounting principles and policies.

### Shareholder Reserved Matters

Key strategic decisions will require the approval of both shareholders, including:

- Budget and Business Plan (including distribution policy).
- Material Related Party transactions.
- Acquisitions, disposals or JVs over a certain threshold outside agreed Budget / Business Plan.
- Financial framework, including financings over a certain threshold outside agreed Budget / Business Plan.
- Key strategic decisions (e.g. cessation of any business activities).
- Changes to corporate structure and / or Articles of Association.
- Appointment or removal of Independent Director.

# MAKING DECISIONS (continued)

To meet our goal of customer excellence we must be responsive and capable of making the right decisions quickly. However, these decisions must be robust, based in fact, and approved by members of the Leadership Team with the appropriate level of authority.

## Deal Team

A Deal Team is the central transaction team in the company responsible for proposing transactions for approval. It is comprised of cross-functional team members, each with specialist expertise. Each transaction is supported by detailed analysis documented in an approval paper which is logged to our internal transaction approval system.

## Compliance

Due diligence is performed on all new customers and includes analysis of customers financial, operational and strategic position.

In addition, we perform initial Know Your Customer ("KYC"), Anti-Money Laundering ("AML"), sanctions, counterterrorism and adverse media screening on all new customers as well as ongoing monitoring of existing customers.

## Risk based approach

Airline ratings and trends, market and regional outlook papers and asset liquidity ratings and valuations are central to portfolio management. Execution and transaction-based risks are assessed and mitigated through appropriate transaction structuring.

## Approvers & limits

Depending on the type and scale of the transaction, approval committees can vary from team leaders approving minor low value transactions to the Executive Committee, Board or Shareholders approving significant transactions with material outcomes.

## Standardised documentation

We use standardised documentation wherever possible, in particular our proprietary template lease agreement. Exceptions to template agreements require further approval by the Contracts Approval Committee prior to entering legally binding documentation.



*The right people – making the right decisions – at the right time.*

# BEHAVIOURS & CULTURE

Strong values and culture underpin governance throughout the organisation



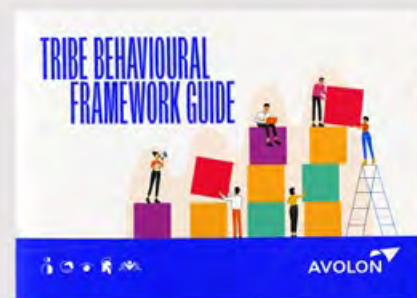
## Our values and culture

Avolon's values and culture are ingrained in the way we work together and with our stakeholders. We know that checking all the boxes when it comes to a Compliance or Ethics Program only really matters when our underlying culture matches our commitment on paper in policies and procedures. Our TRIBE values form the basis of how we run our business, how we interact with one another and our stakeholders.

Our TRIBE values are incorporated into our policies and procedures. Avolon is committed to doing business in a way that is fair, transparent and benefits everyone involved.

## Our TRIBE Behavioural Framework guide

Our TRIBE Behavioural Framework guide translates these values into defined behaviours allowing us to be consistent in the application of our people strategy.



## Code of Conduct

Avolon's Code of Conduct guides employees how to do business ethically. It helps employees navigate the common, and sometimes challenging, situations they could face at work and points to our policies and other resources for more information. Most importantly, it helps to turn our TRIBE values into actions.

**Avolon's Code of Conduct is designed to:**

- Promote integrity and the highest standards of ethical conduct.
- Comply with applicable laws, regulations and Company Policies.
- Address common ethical situations that could be encountered in work.

Avolon is committed to compliance with all laws, rules and regulations that apply to our business. We operate in multiple countries, so it is important to be aware of different laws and customs that may apply. While we respect the norms of our customers and business partners throughout the world, all members of our TRIBE must, at a minimum, comply with the standards and principles in our Code.

“

**The culture – especially the level of transparency – is unlike any other company I have worked for. It is something that I really appreciate and helps everyone work more effectively.**

”



[Click to download our Code of Conduct](#)

# ETHICS AND COMPLIANCE

## Business Integrity Team

The objective of our Business Integrity Team, our version of Compliance, is to fortify Avolon with a focus on best business practices in an increasingly complex global marketplace by building on our TRIBE values.



## Identify compliance obligations policies & procedures



**Anti-money laundering & counterterrorist financing**



**Anti-bribery & anti-corruption**



**Anti-trust**



**Conflict of interest**



**Data protection and GDPR**



**Fraud**



**Insider trading rules**



**Lobbying activity**



**Raising concerns policy (whistleblowing)**



**Sanctions screening**



**Social media policy**



**Third party due diligence**

## Training & communications

Interactive compliance training modules provide real world examples of how to apply those policies to our day-to-day transactions across the firm.

## Investigation, reporting, oversight & monitoring

**Business integrity function**

Direct reporting line to the Audit Committee.

**Audit Committee**



## Key reporting indicators include:

- Suspicious activity reports.
- Protected disclosures.
- Data breach reports.
- Data subject access requests.
- Sanction / export administration.
- Known fraud incidents.

# WORKING WITH OTHERS TO DELIVER AN ETHICAL BUSINESS

Avolon's global network of customers and suppliers support our business. We hold all of our counterparties to high standards in how they conduct their business and apply stringent risk management to our relationships including customer due diligence, sanctions screening and a number of risk mitigating provisions incorporated into our leases.



## Due diligence, screening & ongoing monitoring

- Customer due diligence is applied on a risk-based approach: Simplified, Standard or Enhanced.
- Know Your Customer ("KYC") checks carried out against our customers and business partners.
- Ongoing monitoring action via screening system tool.



## Economic sanctions & export controls

Sanction risks apply in terms of those counterparties we deal with and jurisdictions we operate within. Screening checks both prior and during business relationships are actioned by Business Integrity.

Business Integrity monitors news feeds as well as applicable regulators' press releases to ensure the business is up to date with sanctions risks.



## Business Partner Code of Conduct

We expect that any third party who works with us or on our behalf, from those working with our aircraft to those supporting our business operations, will share our commitment to ethical business practices and uphold the same high standards that we do.

Avolon's Business Partner Code of Conduct is available on our website:



[Click to download our Business Partner Code of Conduct](#)

A web platform and hotline are available to all Business Partners to report any violations or concerns in connection with this Code or with appropriate application of Avolon's non-retaliation policy.



## Product governance

- Avolon leases only certified aircraft which meet strict regulatory standards to our global airline customers.
- Our leases pass all operational risk and responsibility to the lessee, limiting our exposure to product liability and reputational damage.
- Airlines are contractually required to maintain and operate our aircraft in accordance with the law and regulations of FAA, EASA or appropriate equivalent local regulator.
- All aircraft are required to be fully insured including for third party liability insurance.
- Avolon regularly oversees the operating and maintenance records of our customers.

# INFORMATION SECURITY

Avolon recognises the importance of information security, and given the risk it poses to every business.

## Information security policies

Protecting the data of Avolon and our stakeholders is a key priority of the business. We have invested in and continually upgrade best-in-class information security infrastructure to ensure that our data is protected.

With so many of our global employees working remotely or on the move, Avolon has transitioned to secure digital mobility solutions, including secure cloud-based servers, multi-factor authentication, migration to laptops for all employees, and a secure electronic platform that covers the majority of the business' systems.

## Data protection processes

Avolon's in-house IT team work with a range of best-in-class external consultants to develop extensive processes to manage information security risks. Active investment in our IT infrastructure together with independent penetration testing, security monitoring and least privilege principle access across applications are just some of the ways that we implement our information security processes.

## Cyber security

Avolon's IT risk management framework, including associated policies and procedures and a Cyber Security Incident Response Team, both of which are reviewed regularly to ensure addressing this threat does not remain static. Elements of this framework include proactive cyber threat intelligence, an email security platform, endpoint technology and secure email gateway software.



**24/7/365 Global IT Help Desk.**



**Regular testing of full business continuity and disaster recovery plans.**



**Privacy by design implemented across all our global IT infrastructure.**



**Awareness training to identify security risks both in office and remotely.**



**Regular independent security penetration testing.**



**Ongoing investment in digital solutions.**



**Password, Wi-Fi, and digital footprint best practices and training.**



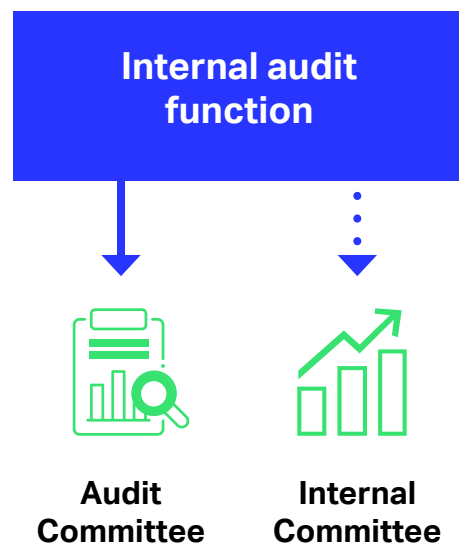
**Ongoing cyber security training mandatory for all employees including updates on new cyber attack attempts internationally.**



**Phishing and ransomware awareness training and response.**

# INTERNAL AUDIT

Internal Audit at Avolon is outsourced to a professional services firm, ensuring their independence and objectivity through separation from line management. They have a direct reporting line to the Audit Committee which is chaired by an independent director. Administratively they report to an internal committee which has overall responsibility for oversight of financial controls including monitoring the implementation of all internal audit recommendations.



## Risk based plan

Selection of internal audits is on the basis of risk. Each year our internal auditors perform an entity-wide risk assessment which identifies areas that require their focus. The plan is approved by the Audit Committee.

## Established audit process

Key to the success of our internal audits is meticulous planning with transparent conversations about risk. This provides a basis for efficient fieldwork and value adding outputs. Continuous communications between auditee and auditor is also essential.

## Full coverage

All parts of Avolon's operations are subject to internal audit. Internal audit activities cover traditional assurance over compliance activities, to operational reviews and initiatives that are central to the achievement of strategic objectives.

## Multiple risk themes

As part of each audit, multiple risks are assessed including opportunities for efficiencies, systems utilisation, segregation of duties, change controls, key person dependency as well as the approach to management of risks.

## Remediation monitoring

The Internal Audit Function reviews the implementation status of internal audit recommendations. Remediations that are overdue are reported to Audit Committee.

## Balanced reporting

Detailed reports identifying both good practices and areas for improvement are prepared on completion of internal audits, providing a balanced view of the risk landscape.



# GRI CONTENT INDEX

## General disclosure

GRI Standard	Disclosure	Reference or response
<b>GRI 102 General Disclosures 2016 – Organisational Profile</b>		
<b>102-1</b>	<b>Name of the organization.</b>	Avolon Holdings Limited.
<b>102-2</b>	<b>Activities, brands, products.</b>	Page 6: About Avolon; See additional details on company website: <a href="https://www.avolon.aero/our-business">avolon.aero/our-business</a> .
<b>102-3</b>	<b>Location of headquarters.</b>	Dublin, at Number One Ballsbridge.
<b>102-4</b>	<b>Location of operations.</b>	Page 6: About Avolon; See additional details on company website: <a href="https://www.avolon.aero/our-business">avolon.aero/our-business</a> .
<b>102-5</b>	<b>Ownership and legal form.</b>	Avolon Holdings Limited is an exempted company incorporated with limited liability under the laws of the Cayman Islands. At December 31, 2021, Avolon is a 70% owned, indirect subsidiary of Bohai Leasing Co., Ltd. ("Bohai") and a 30% owned, indirect subsidiary of by ORIX Corporation. ("ORIX").
<b>102-6</b>	<b>Markets served.</b>	Page 6: About Avolon; See additional details on company website: <a href="https://www.avolon.aero/our-business">avolon.aero/our-business</a> .
<b>102-7</b>	<b>Scale of the organisation.</b>	Page 6: About Avolon; See Avolon's Consolidated Financial Statements, available at: <a href="https://www.avolon.aero/investors">avolon.aero/investors</a> ; See additional details on company website: <a href="https://www.avolon.aero/our-business">avolon.aero/our-business</a> .
<b>102-8</b>	<b>Information on employees.</b>	Page 38: 2021 People Highlights.

GRI Standard	Disclosure	Reference or response
<b>GRI 102 General Disclosures 2016 – Organisational Profile (continued)</b>		
<b>102-9</b>	<b>Supply chain.</b>	Page 14: Engaging Stakeholders. Page 15: Forms of Stakeholder Engagement.
<b>102-10</b>	<b>Significant changes to the organisation and its supply chain.</b>	None during the reporting year.
<b>102-11</b>	<b>Precautionary principle or approach.</b>	Page 12: Our Governance of Sustainability Issues; Page 16: Materiality Assessment; Page 17 & 18: Material Topics & Management Approach; Page 51 to 63: Governance Excellence.
<b>102-12</b>	<b>External initiatives.</b>	Page 9: Support for the Sustainable Development Goals.
<b>102-13</b>	<b>Membership of associations.</b>	Page 15: Forms of Stakeholder Engagement.



# GRI CONTENT INDEX

## General disclosure (continued)

GRI Standard	Disclosure	Reference or response
<b>GRI 102 General Disclosures 2016 – Strategy</b>		
<b>102-14</b>	<b>Statement from senior decision maker.</b>	Page 4 to 5: CEO Message.
<b>102-15</b>	<b>Key impacts, risks, and opportunities.</b>	Page 12: Our Governance of Sustainability Issues; Page 17 to 18: Material Topics & Management Approach; Page 51 to 63: Governance Excellence.
<b>102-16</b>	<b>Values, principles, standards, and norms of behaviour.</b>	Page 7: About Avolon - Our TRIBE Values; Page 59: Behaviours & Culture; Page 60: Ethics & Compliance.
<b>102-17</b>	<b>Mechanisms for advice and concerns about ethics.</b>	Page 59: Avolon Code of Conduct for employees; Page 61: Avolon Business Partner Code of Conduct.

GRI Standard	Disclosure	Reference or response
<b>GRI 102 General Disclosures 2016 – Governance</b>		
<b>102-18</b>	<b>Governance structure.</b>	Page 12: Our Governance of Sustainability Issues; Page 51 to 63: Governance Excellence.
<b>102-19</b>	<b>Delegating authority.</b>	Page 12: Our Governance of Sustainability Issues; Page 57 & 58: Making Decisions.
<b>102-20</b>	<b>Executive responsibility for economic, environmental, and social topics.</b>	Page 12: Our Governance of Sustainability Issues; Page 51 to 63: Governance Excellence.
<b>102-21</b>	<b>Consulting stakeholders on economic, environment &amp; social topics.</b>	Page 14: Engaging Stakeholders; Page 15: Forms of Stakeholder Engagement.
<b>102-22</b>	<b>Composition of the highest governance body and its committees.</b>	Page 54 & 55: Board of Directors.
<b>102-23</b>	<b>Chair of the highest governance body.</b>	Page 54: Board of Directors.
<b>102-25</b>	<b>Conflicts of interest.</b>	Page 60: Ethics and Compliance.
<b>102-26</b>	<b>Role of highest governance body in setting purpose, values, and strategy.</b>	Page: 12 - Our Governance of Sustainability Issues; Page 54: Board of Directors; Page 57: Making Decisions.

# GRI CONTENT INDEX

## General disclosure (continued)

GRI Standard	Disclosure	Reference or response
<b>GRI 102 General Disclosures 2016 – Governance (continued)</b>		
<b>102-29</b>	<b>Identifying and managing economic, environmental and social impacts.</b>	Page 12: Our Governance of Sustainability Issues; Page 16: Materiality Assessment; Page 17 to 18: Material Topics & Management Approach; Page 57 & 63: Governance Excellence Making Decisions - Board / Shareholder Oversight and Internal Audit.
<b>102-30</b>	<b>Effectiveness of risk management processes.</b>	Page 12: Our Governance of Sustainability Issues.
<b>102-31</b>	<b>Review of economic, environmental, and social topics.</b>	Page 12: Our Governance of Sustainability Issues.
<b>102-32</b>	<b>Highest governance body's role in sustainability reporting.</b>	Page 12: Our Governance of Sustainability Issues.
<b>102-33</b>	<b>Communicating critical concerns.</b>	Page 12: Our Governance of Sustainability Issues.
<b>102-35</b>	<b>Remuneration policies.</b>	Remuneration benchmarked against peers within each market in which we employ; Avolon provides a comprehensive non-financial benefit package.

GRI Standard	Disclosure	Reference or response
<b>GRI 102 General Disclosures 2016 – Stakeholder Engagement</b>		
<b>102-40</b>	<b>List of stakeholder groups.</b>	Page 14: Engaging Stakeholders; Page 15: Forms of Stakeholder Engagement.
<b>102-41</b>	<b>Collective bargaining agreements.</b>	No employees are covered by collective bargaining agreements. We operate primarily in countries where rights to freedom of association are guaranteed by law.
<b>102-42</b>	<b>Identifying and selecting stakeholders.</b>	Page 14: Engaging Stakeholders.
<b>102-43</b>	<b>Approach to stakeholder engagement.</b>	Page 15: Forms of Stakeholder Engagement.
<b>102-44</b>	<b>Key topics and concerns raised.</b>	Page 14: Engaging Stakeholders; Page 15: Forms of Stakeholder Engagement; Page 16: Materiality Assessment; Page 17 & 18: Material Topics & Management Approach.
<b>GRI 102 General Disclosures 2016 – Reporting Practice</b>		
<b>102-45</b>	<b>Entities included in the financial statements.</b>	See Avolon's Consolidated Financial Statements, available at: <a href="http://avolon.aero/investors">avolon.aero/investors</a> .

# GRI CONTENT INDEX

## General disclosure (continued)

GRI Standard	Disclosure	Reference or response
<b>GRI 102 General Disclosures 2016 – Reporting Practice (continued)</b>		
102-46	<b>Defining report content and topic boundaries.</b>	Page 16: Materiality Assessment; Page 17 & 18: Material Topics & Management Approach; Page 72: About this report
102-47	<b>List of material topics.</b>	Page 16: Materiality Assessment; Page 17 & 18: Material Topics & Management Approach.
102-48	<b>Restatements of information.</b>	Not Applicable: This is Avolon's inaugural Sustainability Report.
102-49	<b>Changes in reporting.</b>	Not Applicable: This is Avolon's inaugural Sustainability Report.
102-50	<b>Reporting period.</b>	Page 72: About this Report.
102-51	<b>Date of most recent report.</b>	This is Avolon's inaugural Sustainability Report.
102-52	<b>Reporting cycle.</b>	Page 72: About this Report.
102-53	<b>Contact point for questions.</b>	Page 72: About this Report.
102-54	<b>Claims of reporting in accordance with the GRI Standards.</b>	Page 72: About this Report.
102-55	<b>GRI content index.</b>	Page 64: GRI content index.

GRI Standard	Disclosure	Reference or response
<b>GRI 102 General Disclosures 2016 – Reporting Practice (continued)</b>		
102-56	<b>External Assurance.</b>	The report content has been reviewed & approved by the Avolon Senior Leadership team & Board of Directors. Relevant internal controls and review processes have been established to ensure that the relevant data & information reported is complete and accurate. Avolon team will seek to obtain independent external assurance over material KPIs reported starting in FY2023.
<b>GRI 102 General Disclosures 2016 – Management Approach</b>		
103-1	<b>Explanation of the material topic and its Boundary.</b>	Page 16: Materiality Assessment; Page 17 & 18: Material Topics & Management.
103-2	<b>The management approach and its components.</b>	Page 16: Materiality Assessment; Page 17 & 18: Material Topics & Management



# GRI CONTENT INDEX

## Topic specific disclosure

GRI Standard	Disclosure	Reference or response
<b>GRI 201: Economic Performance 2016</b>		
<b>201-1</b>	<b>Direct economic value generated and distributed.</b>	See Avolon's Consolidated Financial Statements, available at <a href="http://avolon.aero/investors">avolon.aero/investors</a> .
<b>201-2</b>	<b>Financial implications and other risks and opportunities due to climate change.</b>	Page 22: Aviation's Impact on the Environment.
<b>201-4</b>	<b>Financial assistance received.</b>	None in the reporting year.
<b>GRI 203: Indirect Economic Impacts 2016</b>		
<b>203-2</b>	<b>Significant indirect economic impacts.</b>	Page 22: Aviation's Impact on the Environment; Page 49: Caring for our Community.
<b>GRI 204: Procurement Practices 2016</b>		
<b>204-1</b>	<b>Proportion of spending on local suppliers.</b>	100% local suppliers in catering and office services in Dublin, New York and Hong Kong.

GRI Standard	Disclosure	Reference or response
<b>GRI 205: Anti-Corruption 2016</b>		
<b>205-1</b>	<b>Operations assessed for risks related to corruption.</b>	Page 60 to 61: Ethics and Compliance.
<b>205-2</b>	<b>Communication and training about anti-corruption policies and procedures.</b>	Page 60 to 61: Ethics and Compliance.
<b>205-3</b>	<b>Confirmed incidents of corruption and actions taken.</b>	None in the reporting period.

# GRI CONTENT INDEX

## Topic specific disclosure (continued)

GRI Standard	Disclosure	Reference or response
<b>GRI 206: Anti-competitive Behaviour 2016</b>		
<b>206-1</b>	<b>Legal actions for anti-competitive behavior, anti-trust, and monopoly practices.</b>	None in the reporting period.
<b>GRI 207: Tax 2019</b>		
<b>207-1</b>	<b>Approach to Tax.</b>	See Avolon Tax Strategy - Link: <a href="https://www.avolon.aero/disclaimer">avolon.aero/disclaimer</a> .
<b>GRI 302: Energy 2016</b>		
<b>302-1</b>	<b>Energy consumption within the organization.</b>	Page 33: Efficient Own Operations; Page 34: Measuring Our Carbon Footprint.
<b>302-2</b>	<b>Energy consumption outside the organization.</b>	Page 34: Measuring Our Carbon Footprint.
<b>302-4</b>	<b>Reduction of energy consumption.</b>	Page 34: Measuring Our Carbon Footprint.
<b>302-5</b>	<b>Reductions in energy requirements of products and services.</b>	Page: 28 to 30: Focus On Young Fuel-Efficient Aircrafts, Fleet Transformation, Backing New Technology.

GRI Standard	Disclosure	Reference or response
<b>GRI 305: Emissions 2016</b>		
<b>305-1</b>	<b>Direct (Scope 1) GHG emissions.</b>	Page 34: Measuring Our Carbon Footprint.
<b>305-2</b>	<b>Energy indirect (Scope 2) GHG emissions.</b>	Page 34: Measuring Our Carbon Footprint.
<b>305-3</b>	<b>Other indirect (Scope 3) emissions.</b>	Page 34: Measuring Our Carbon Footprint; Page 28 to 30: Focus On Young Fuel-Efficient Aircrafts, Fleet Transformation, Backing New Technology.
<b>305-5</b>	<b>Reduction of GHG emissions.</b>	Page 34: Measuring Our Carbon Footprint.
<b>GRI 306: Waste 2020</b>		
<b>306-2</b>	<b>Management of significant waste-related impacts.</b>	Page 32: Circular Economy: Reuse and Recycle.
<b>306-3</b>	<b>Waste generated.</b>	Page 32: Circular Economy: Reuse and Recycle.
<b>GRI 307: Environmental Compliance 2016</b>		
<b>307-1</b>	<b>Non-compliance with environmental laws and regulations.</b>	None in the reporting period.

# GRI CONTENT INDEX

## Topic specific disclosure (continued)

GRI Standard	Disclosure	Reference or response
<b>GRI 308: Supplier Environmental Assessment 2016</b>		
308-1	<b>New suppliers that were screened using environmental criteria.</b>	Page 61: Working with Others to Deliver an Ethical Business.
308-2	<b>Negative environmental impacts in the supply chain and actions taken.</b>	None in the reporting period.
<b>GRI 401: Employment 2016</b>		
401-1	<b>New employee hires.</b>	Page 38: 2021 People Highlights; Page 47: Diversity & Inclusion.
<b>GRI 403: Occupational Health and Safety 2018</b>		
403-6	<b>Promotion of worker health.</b>	Page 39 to 40: Employee wellbeing initiatives.
403-9	<b>Work-related injuries.</b>	None in the reporting period.
403-10	<b>Work-related ill health.</b>	None in the reporting period.
<b>GRI 404: Training &amp; Education 2016</b>		
404-2	<b>Programs for upgrading employee skills and transition assistance programs.</b>	Page 42: Attracting & Retaining Talent: Personal & Professional Development.
404-3	<b>Percentage of employees receiving regular performance and career development reviews.</b>	Performance Review - 100%.

GRI Standard	Disclosure	Reference or response
<b>Diversity and Equal Opportunity</b>		
405-1	<b>Diversity of employees.</b>	Page 47 to 48: Diversity & Inclusion.
<b>GRI 406 Non-Discrimination 2016</b>		
406-1	<b>Incidents of discrimination and corrective actions taken.</b>	None in the reporting period.
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>		
407-1	<b>Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk.</b>	None in the reporting period.
<b>GRI 408: Child Labour 2016</b>		
408-1	<b>Operations and suppliers at significant risk for incidents of child labor.</b>	None in the reporting period.
<b>GRI 409: Forced or Compulsory Labour 2016</b>		
409-1	<b>Operations and suppliers at significant risk for incidents of forced or compulsory labor.</b>	None in the reporting period.
<b>GRI 412: Human Rights Assessment 2016</b>		
412-1	<b>Operations that have been subject to human rights reviews or impact assessments.</b>	None in the reporting period.

# GRI CONTENT INDEX

## Topic specific disclosure (continued)

GRI Standard	Disclosure	Reference or response
<b>GRI 413: Local Communities 2016</b>		
413-1	<b>Operations with local community engagement, impact assessments, and development programs.</b>	Page 49: Caring for Our Community.
413-2	<b>Operations with significant actual and potential negative impacts on local communities.</b>	None in the reporting period.
<b>GRI 414: Supplier Social Assessment 2016</b>		
414-2	<b>Negative social impacts in the supply chain and actions taken.</b>	None in the reporting period. Page 61: Working with Others to Deliver an Ethical Business.
<b>GRI 415: Public Policy 2016</b>		
415-1	<b>Political contributions.</b>	None in the reporting period.
<b>GRI 416: Customer Health and Safety 2016</b>		
416-1	<b>Assessment of the health and safety impacts of product and service categories.</b>	Page 61: Working with Others to Deliver an Ethical Business.
416-2	<b>Incidents of non-compliance concerning the health and safety impacts of products and services.</b>	None in the reporting period.

GRI Standard	Disclosure	Reference or response
<b>GRI 418: Customer Privacy 2016</b>		
418-1	<b>Substantiated complaints concerning breaches of customer privacy and losses of customer data.</b>	None in the reporting period. Page 62: Information Security.
<b>GRI 419: Socioeconomic 2016</b>		
419-1	<b>Non-compliance with laws and regulations in the social and economic area.</b>	None in the reporting period.

# ABOUT THIS REPORT

This Sustainability Report for the financial year ended December 31, 2021 (the "Report") is Avolon Holding Limited (Avolon)'s inaugural Report on the sustainability of its activities.

Throughout the Report, all references to "Avolon", "the Group", "we", or "us" refers to Avolon Holdings Limited and its consolidated subsidiaries.

## Reporting period

This Report covers the financial year ended December 31, 2021. All references in this Report relate to the 2021 financial year, unless otherwise noted.

## Reporting scope

This Report covers Avolon Holdings Limited, and all consolidated subsidiaries.

## Audience for this report

This Report is aimed at our stakeholder groups who want to know more about our sustainability and performance in 2021.

## Reporting standards

This Report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option. We follow the recommended reporting principles for defining the reporting content and quality under the GRI Standards. This Report includes a GRI Content Index, which is available on pages 64 - 71 so that readers can easily find specific data related to the GRI Standards. Throughout this Report, we reference our Annual Financial Statements and other relevant information available on our website at: [avolon.aero](http://avolon.aero).

## Feedback

We are committed to strengthening our stakeholder engagement and we welcome feedback on this Report, our sustainability disclosures, our sustainability approach, or any other aspect of our sustainability reporting.

## Contact information

### Media

#### FTI CONSULTING

Jonathan Neilan

T: +353 1 765 0886

E: [avolon@fticonsulting.com](mailto:avolon@fticonsulting.com)

### Investor Relations

E: [ir@avolon.aero](mailto:ir@avolon.aero)







# DISCLAIMER

## Cautionary statement concerning forward-looking statements

Certain statements in this report constitute forward-looking statements, beliefs or opinions, including statements with respect to the business, financial condition, results of operations and plans of Avolon Holdings Limited (the "Company"). These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the control of the Company and all of which are based on management's current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe," "expects," "may," "will," "could," "should," "shall," "risk," "intends," "estimates," "aims," "plans," "predicts," "continues," "assumes," "positioned" or "anticipates" or the negative thereof, other variations thereon or comparable terminology or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. Forward-looking statements may and often do differ materially from actual results. No assurance can be given that such future results will be achieved. Forward-looking statements appear in a number of places throughout this report and include statements regarding the intentions, beliefs or current expectations of management with respect to future events, and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to our business concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies, and the industry in which the Company operates, most of which are difficult to predict and many of which are beyond the Company's control.

These risks, uncertainties and assumptions include, but are not limited to, the following: general economic and financial conditions; impacts of the COVID-19 pandemic on our business and the aircraft leasing industry; the financial condition of our lessees; the impact of airline restructurings; our ability to obtain additional capital to finance our growth and operations on attractive terms; decline in the value of our aircraft and market rates for leases; the loss of key personnel; lessee defaults and attempts to repossess aircraft; our ability to regularly sell aircraft; our ability to successfully re-lease our existing aircraft and lease new aircraft; our ability to negotiate and enter into profitable leases; periods of aircraft oversupply during which lease rates and aircraft values decline; changes in the appraised value of our aircraft; the potential for global trade wars; changes in interest rates; our financial strength ratings and those of our shareholders, Bohai Leasing Co., Ltd. ("Bohai") and ORIX Aviation, and the impact on our financial condition and ability to obtain financing; competition from other aircraft lessors; and the limited number of aircraft and engine manufacturers. These and other important factors may cause our actual events or results to differ materially from any future results, performance or achievements expressed or implied by the forward-looking statements contained in this report. Such forward-looking statements contained in this report speak only as of the date of this report. For the reasons described above, we caution you against relying on forward-looking statements. We expressly disclaim any obligation or undertaking to update these forward-looking statements contained in the report to reflect any change in our expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable law.



Avolon Holdings Limited  
Number One Ballsbridge  
Building 1, Shelbourne Road  
Dublin 4, Ireland

[info@avolon.aero](mailto:info@avolon.aero)  
[avolon.aero](http://avolon.aero)

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