

# Avolon Holdings Ltd.

Trading and Distribution Ireland

## ESG Risk Rating

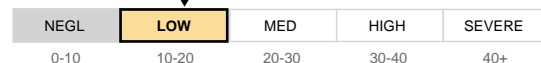
# 16.0

Updated May 26, 2022

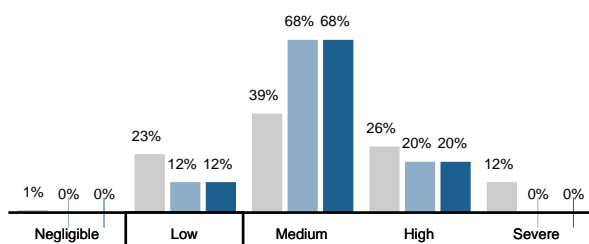
Not  
available

Momentum

## Low Risk



## ESG Risk Rating Distribution



## ESG Risk Rating Ranking

UNIVERSE	RANK	PERCENTILE
	(1 <sup>st</sup> = lowest risk)	(1 <sup>st</sup> = lowest risk)
Global Universe	1735/14842	13th
Traders & Distributors INDUSTRY	9/181	5th
Trading and Distribution SUBINDUSTRY	9/181	5th

## Peers Table

Peers (Market cap \$0.0 - \$0.0bn)

Peers (Market cap \$0.0 - \$0.0bn)	Exposure	Management	ESG Risk Rating
1. LOXAM SAS	28.0 Low	52.4 Strong	14.8 Low
2. Cramo Oyj	26.2 Low	45.4 Average	15.4 Low
3. Avolon Holdings Ltd.	27.6 Low	46.5 Average	16.0 Low
4. Adolf Würth GmbH & Co. KG	27.9 Low	30.8 Average	20.1 Medium
5. VW Credit Canada, Inc.	32.0 Low	39.1 Average	20.5 Medium

# Avolon Holdings Ltd.

Trading and Distribution Ireland

## ESG Risk Analysis

Exposure refers to the extent to which a company is exposed to different material ESG Issues. The exposure score takes into consideration subindustry and company-specific factors such as its business model.

### ESG Risk Exposure

**27.6** **Not available**  
**Low** **Momentum**  
**Beta = 0.99**

Aiming to position itself as a new technology company, Avolon is reliant on highly qualified employees able to support its efforts in this area (300 employees in FY2021). Failure to support a diverse workforce and ensure competitive benefits may expose Avolon to high turnover rates with a knock-on effect on hiring and training costs. As the aviation sector causes a significant proportion of global carbon emissions Avolon’s lessees are facing mounting pressure to reduce their carbon footprint. Should Avolon’s offering lack fuel-efficient, new technology aircraft, the company might lose lease contracts and market share. In addition, although as a lessor Avolon is not directly responsible for the operational risks faced by its lessees, any incidents resulting from poor aircraft maintenance could reflect negatively on the company as well, leading to a loss of prospective clients.

The company's overall exposure is low and is similar to subindustry average. Human Capital, Carbon -Own Operations and Product Governance are notable material ESG issues.

Management refers to how well a company is managing its relevant ESG issues. The management score assesses the robustness of a company's ESG programs, practices, and policies.

### ESG Risk Management

**46.5** **Not available**  
**Average** **Momentum**

Avolon’s ESG reporting is considered to be strong as its CSR report for FY2021 has been prepared in accordance with the GRI Standards: Core Option. In addition, the company assigned top-level responsibility for ESG issues and has set up a strong whistleblower programme. However, a weak environmental policy is in place and the company’s remuneration policy is not disclosed.

The company's overall management of material ESG issues is average.

# Avolon Holdings Ltd.

Trading and Distribution Ireland

## Material ESG Issues

These are the Material ESG Issues driving the ESG Risk Rating.

Issue Name	ESG Risk Exposure	ESG Risk Management	ESG Risk Rating	Contribution to ESG Risk Rating
	Score   Category	Score   Category	Score   Category	
Human Capital	6.0 Medium	44.1 Average	3.5 Low	21.8%
Corporate Governance	5.0 Medium	47.0 Average	2.7 Low	16.6%
Carbon -Own Operations	3.6 Low	46.0 Average	2.3 Low	14.2%
Human Rights -Supply Chain	2.0 Low	12.5 Weak	1.8 Negligible	11.2%
Product Governance	2.0 Low	12.5 Weak	1.8 Negligible	11.1%
Resource Use	2.0 Low	33.2 Average	1.5 Negligible	9.2%
Resource Use -Supply Chain	2.0 Low	42.0 Average	1.3 Negligible	8.3%
Business Ethics	5.0 Medium	79.4 Strong	1.2 Negligible	7.7%
<b>Overall</b>	<b>27.6 Low</b>	<b>46.5 Average</b>	<b>16.0 Low</b>	<b>100.0%</b>

## Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

### Category (Events)

**5 Severe (0)**

**4 High (0)**

**3 Significant (0)**

**2 Moderate (0)**

**1 Low (0)**

# Avolon Holdings Ltd.

Trading and Distribution Ireland

## Events Overview

Identify events that may negatively impact stakeholders, the environment, or the company's operations.

## Category (Events)

### ⚠ None (17)

Accounting and Taxation

Anti-Competitive Practices

Bribery and Corruption

Business Ethics

Employees - Human Rights - SC

Energy Use and GHG Emissions

Intellectual Property

Labour Relations

Labour Relations - SC

Lobbying and Public Policy

Marketing Practices

Occupational Health and Safety - SC

Quality and Safety

Sanctions

Society - Human Rights - SC

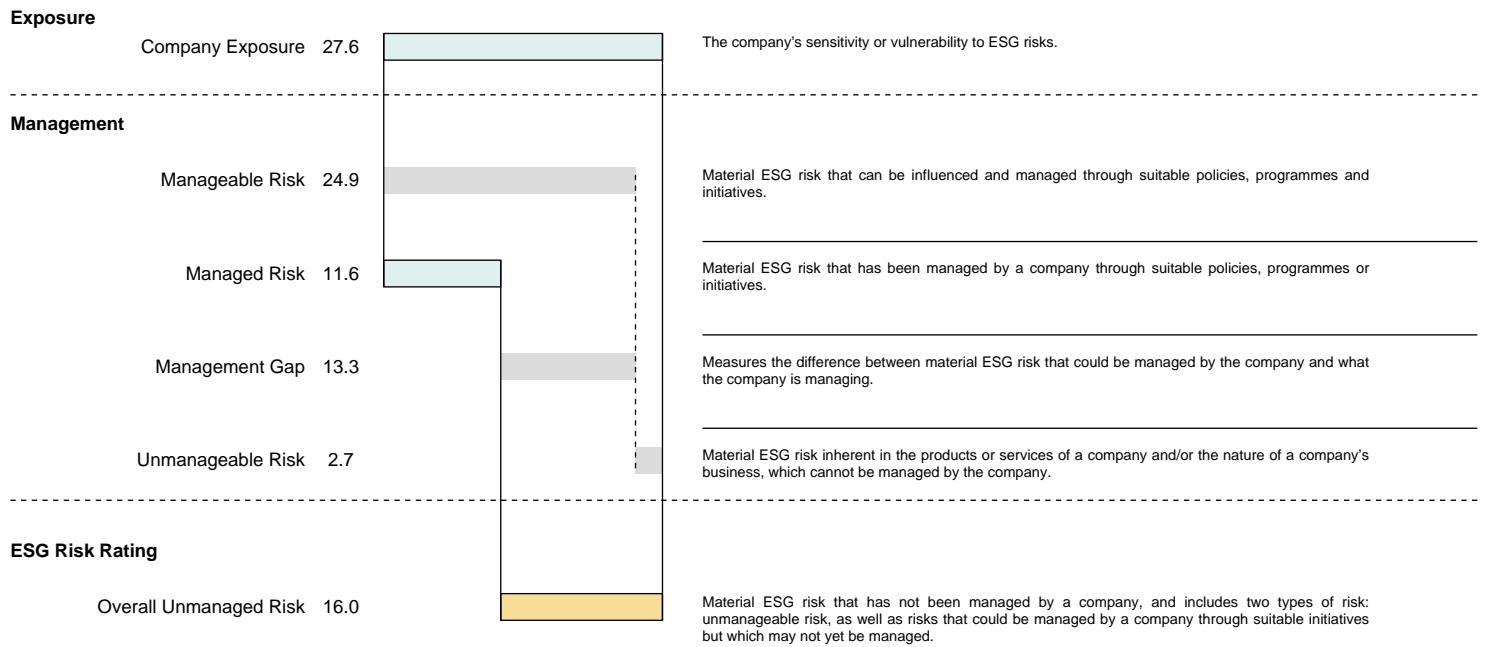
Water Use

Water Use - SC

# Avolon Holdings Ltd.

Trading and Distribution Ireland

## Risk Decomposition



## Momentum Details

Not available due to a lack of comparable historical information.

# Avolon Holdings Ltd.

Trading and Distribution Ireland

## GLOSSARY OF TERMS

### Beta (Beta, $\beta$ )






A factor that assesses the degree to which a company's exposure deviates from its **subindustry's** exposure on a **material ESG issue**. It is used to derive a company-specific issue exposure score for a material ESG issue. It ranges from 0 to 10, with 0 indicating no exposure, 1 indicating the subindustry average, and 10 indicating exposure that is ten times the subindustry average.

### Corporate Governance Pillar

A pillar provides a signal about a company's management of a specific Corporate Governance issue.

### ESG Risk Category

Companies' **ESG Risk Rating scores** are assigned to five ESG risk categories in the **ESG Risk Rating**:

-  **Negligible risk:** enterprise value is considered to have a negligible risk of material financial impacts driven by ESG factors
-  **Low risk:** enterprise value is considered to have a low risk of material financial impacts driven by ESG factors
-  **Medium risk:** enterprise value is considered to have a medium risk of material financial impacts driven by ESG factors
-  **High risk:** enterprise value is considered to have a high risk of material financial impacts driven by ESG factors
-  **Severe risk:** enterprise value is considered to have a severe risk of material financial impacts driven by ESG factors

Note that because ESG risks materialize at an unknown time in the future and depend on a variety of unpredictable conditions, no predictions on financial or share price impacts, or on the time horizon of such impacts, are intended or implied by these risk categories.

### ESG Risk Rating Score (Unmanaged Risk Score)

The company's final score in the **ESG Risk Rating**; it applies the concept of **risk decomposition** to derive the level of **unmanaged risk** for a company.

### Event Category

Sustainalytics categorizes events that have resulted in negative ESG impacts into five event categories: Category 1 (low impact); Category 2 (moderate impact); Category 3 (significant impact); Category 4 (high impact); and Category 5 (severe impact).

### Event Indicator

An indicator that provides a signal about a potential failure of management through involvement in controversies.

### Excess Exposure

The difference between the company's **exposure** and its **subindustry** exposure.

### Exposure

A company or **subindustry's** sensitivity or vulnerability to ESG risks.

### Idiosyncratic Issue

An issue that was not deemed material at the **subindustry** level during the **consultation process** but becomes a **material ESG issue** for a company based on the occurrence of a Category 4 or 5 event.

### Manageable Risk

Material ESG risk that can be influenced and managed through suitable policies, programmes and initiatives.

### Managed Risk

Material ESG Risk that has been managed by a company through suitable policies, programmes and initiatives.

### Management

A company's handling of ESG risks.

### Management Gap

Refers to the difference between what a company has managed and what a company could possibly manage. It indicates how far the company's performance is from best practice.

### Management Indicator

An indicator that provides a signal about a company's management of an ESG issue through policies, programmes or quantitative performance.

### Material ESG Issue

A core building block of the **ESG Risk Rating**. An ESG issue is considered to be material within the rating if it is likely to have a significant effect on the enterprise value of a typical company within a given **subindustry**.

### Subindustry

Subindustries are defined as part of Sustainalytics' own classification system.

### Unmanageable Risk

Material ESG Risk inherent from the intrinsic nature of the products or services of a company and/or the nature of a company's business, which cannot be managed by the company if the company continues to offer the same type of products or services and remains in the same line of business.

### Unmanaged Risk

Material ESG risk that has not been managed by a company, and includes two types of risk: **unmanageable risk**, as well as risks that could be managed by a company through suitable initiatives, but which may not yet be managed (**management gap**).

# Avolon Holdings Ltd.

Trading and Distribution Ireland

## DISCLAIMER

**Copyright © 2022 Sustainalytics. All rights reserved.**

The information, methodologies, data and opinions contained or reflected herein are proprietary of Sustainalytics and may be made available to third parties only in the form and format disclosed by Sustainalytics. They are provided for informational purposes only, and (1) shall not be considered as being a statement, representation, warranty or argument either in favour or against the truthfulness, reliability or completeness of any facts or statements that the issuer has made available to Sustainalytics for the purpose of this Assessment, in light of the circumstances under which such facts or statements have been presented; (2) do not constitute an endorsement of any product or project; (3) do not constitute investment advice or a prospectus, nor represent an “expert opinion” or “negative assurance letter” as these terms are defined by any applicable legislation; (4) are not part of any offering and cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (5) do not represent an assessment of the Licensee’s economic performance, financial obligations nor of its creditworthiness; (6) have not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. In particular, the research and scores provided are not intended to constitute an offer, solicitation, or advice to buy or sell securities nor are they intended to solicit votes or proxies.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-datedness or fitness for a particular purpose. The information and data are provided “as is” and reflect Sustainalytics’ opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein for investment or other purposes, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

Sustainalytics may receive compensation for its ratings, opinions, and other deliverables, from, among others, issuers, insurers, guarantors and/or underwriters of debt securities, or investors, via different business units. Sustainalytics has put in place adequate measure to safeguard the objectivity and independence of its opinions. For more information, contact [compliance@sustainalytics.com](mailto:compliance@sustainalytics.com).

This Assessment, in particular the images, text and graphics contained therein, and the layout and company logo of Sustainalytics and/or Morningstar are protected under copyright and trademark law. Any use thereof shall require express prior written consent. Use shall be deemed to refer in particular to the copying or duplication of the Assessment wholly or in part, the distribution of the Assessment, either free of charge or against payment, or the exploitation of this Assessment in any other conceivable manner.

To learn more about Sustainalytics ESG Risk Rating framework, please visit: <https://www.sustainalytics.com/esg-data#framework>.

## Information on Sustainalytics Corporate ESG Assessment for Avolon Holdings Ltd.

Avolon Holdings Ltd. has been provided with an indicative Corporate ESG Assessment by Sustainalytics, a Morningstar company and a globally recognized provider of ESG research, ratings, and data, who provides research based on its independent methodology, and publicly available information from issuers.

The Corporate ESG Assessment provided for Avolon Holdings Ltd., and enclosed herein, is a one off point in time assessment, valid at the time of its delivery and follows the same research framework and **methodology** as for Sustainalytics ESG Risk Rating, however this shall not be read nor construed as an ESG Risk Rating.

This Corporate ESG Assessment has been produced based on the information made available by Avolon Holdings Ltd., and is delivered to Avolon Holdings Ltd. under the following conditions: (1) Avolon Holdings Ltd. understands it is its sole responsibility to ensure that the information provided is complete, accurate or up to date; (2) Avolon Holdings Ltd. has provided Sustainalytics with all relevant information; (3) the Corporate ESG Assessment is published on Sustainalytics website; (4) no material nonpublic information has been disclosed to Sustainalytics to inform the Corporate ESG Assessment; (5) the information or material it made available to Sustainalytics to inform the Corporate ESG Assessment is duly disclosed, unaltered and publicly available. Conditions under points (3), (4) and (5) apply unless otherwise agreed in writing, in which case Avolon Holdings Ltd. understands it is its sole responsibility to ensure appropriate handling and disclosure of information provided to inform the Corporate ESG Assessment, and of the Corporate ESG Assessment itself.

In delivering the Corporate ESG Assessment, Sustainalytics acts in such a manner as it would be reasonable to expect from a reasonably prudent provider of environmental, social and governance research and analysis. However, Sustainalytics does not audit the information it receives in connection with the analytical process, and it does not and cannot independently verify that information in every instance. The extent of any factual investigation or independent verification depends on facts and circumstances. Therefore, all scores, reports and overall ESG rating provided to Avolon Holdings Ltd. as a result of the Corporate ESG Assessment are indicative in nature, and subject to change.

This Corporate ESG Assessment is subject to the below disclaimers:

### Disclaimer

#### Copyright © 2022 Sustainalytics. All rights reserved.

The information, methodologies, data and opinions contained or reflected herein are proprietary of Sustainalytics and may be made available to third parties only in the form and format disclosed by Sustainalytics. They are provided for informational purposes only, and (1) shall not be considered as being a statement, representation, warranty or argument either in favour or against the truthfulness, reliability or completeness of any facts or statements that the issuer has made available to Sustainalytics for the purpose of this Assessment, in light of the circumstances under which such facts or statements have been presented; (2) do not constitute an endorsement of any product or project; (3) do not constitute investment advice or a prospectus, nor represent an “expert opinion” or “negative assurance letter” as these terms are defined by any applicable legislation; (4) are not part of any offering and cannot be interpreted as an offer or indication to buy or sell securities, to select a project or make any kind of business transactions; (5) do not represent an assessment of the Licensee’s economic performance, financial obligations nor of its creditworthiness; (6) have not been submitted to, nor received approval from, the United States Securities and Exchange Commission or any other regulatory body. In particular, the research and scores provided are not intended to constitute an offer, solicitation, or advice to buy or sell securities nor are they intended to solicit votes or proxies.

These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-datedness or fitness for a particular purpose. The information and data are provided “as is” and reflect Sustainalytics’ opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein for investment or other purposes, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

Sustainalytics may receive compensation for its ratings, opinions, and other deliverables, from, among others, issuers, insurers, guarantors and/or underwriters of debt securities, or investors, via different business units. Sustainalytics has put in place adequate measure to safeguard the objectivity and independence of its opinions. For more information, contact [compliance@sustainalytics.com](mailto:compliance@sustainalytics.com).

This Assessment, in particular the images, text and graphics contained therein, and the layout and company logo of Sustainalytics and/or Morningstar are protected under copyright and trademark law. Any use thereof shall require express prior written consent. Use shall be deemed to refer in particular to the copying or duplication of the Assessment wholly or in part, the distribution of the Assessment, either free of charge or against payment, or the exploitation of this Assessment in any other conceivable manner.

To learn more about Sustainalytics ESG Risk Rating framework, please visit: <https://www.sustainalytics.com/esg-data#framework>.