

2020

## Material Issues and Our Approach

**AERCAP**

Global Leader in Aviation



# Material Issues and Our Approach (cont'd)

Dimensions	AerCap Material Issues	Boundary	Our Approach
<b>Governance and Conduct</b>	Business Ethics	AerCap, Government and Regulators	<ul style="list-style-type: none"> <li>▶ Code of Conduct applicable to employees globally covering matters of governance, risk management, social responsibility, etc.</li> </ul>
	Transparency	AerCap, Regulators and Shareholders	<ul style="list-style-type: none"> <li>▶ Timely disclosure of all matters material to the business according to SEC rules and other applicable laws and regulations</li> </ul>
	Shareholder Interests	AerCap and Shareholders	<ul style="list-style-type: none"> <li>▶ Shareholder resources portal <a href="https://investors.aercap.com/shareholder-resources/">investors.aercap.com/shareholder-resources/</a></li> <li>▶ Single share class with equal voting rights</li> </ul>
	Compliance and Litigation	AerCap, Government and Regulators	<ul style="list-style-type: none"> <li>▶ Comprehensive compliance policies and procedures covering all aspects of our business. Employees are required to participate in compliance training annually</li> <li>▶ All material litigation is disclosed in our SEC filings</li> </ul>
	Information Security	AerCap, Customers and Other Suppliers	<ul style="list-style-type: none"> <li>▶ All employees are required to participate in mandatory training annually; information security policy available internally</li> <li>▶ Clear line of escalation on any IT system issues</li> <li>▶ Information security infrastructure audited externally through reputable global companies</li> </ul>
<b>Business Strategies</b>	Asset Quality and Residual Value Protection	AerCap and Shareholders	<ul style="list-style-type: none"> <li>▶ Purchase attractive, in-demand aircraft</li> <li>▶ Conservative depreciation policies and stringent revaluation process</li> <li>▶ Active trading of aircraft to de-risk our balance sheet</li> <li>▶ Consider how evolving ESG factors affect residual value risks of our fleet</li> </ul>
	Liquidity and Funding	AerCap and Lenders	<ul style="list-style-type: none"> <li>▶ Maintain strong relationships with more than 120 geographically-diverse lenders</li> <li>▶ Diverse source of funding</li> <li>▶ Liquidity coverage target 1.2x for next-12-months' uses of cash</li> </ul>

# Material Issues and Our Approach (cont'd)

Dimensions	AerCap Material Issues	Boundary	Our Approach
Customer	Customer Relationships and Engagement	AerCap and Customers	<ul style="list-style-type: none"> <li>▶ Dedicated leasing executives and technical teams</li> <li>▶ Communicate our values and ethics through customer interaction</li> </ul>
	Risk Management - Customers	AerCap and Customers	<ul style="list-style-type: none"> <li>▶ Bespoke credit rating system monitoring risk exposure to all customers</li> <li>▶ Credit losses historically average 1% of lease revenue</li> <li>▶ Robust legal framework and strong track record of safeguarding assets</li> </ul>
	Customer Privacy	AerCap and Customers	<ul style="list-style-type: none"> <li>▶ Compliance with GDPR with a dedicated email address for queries</li> <li>▶ Mandatory GDPR training for all employees</li> </ul>
Environment	Scope 3 GHG Emissions	AerCap, OEM and Customers	<ul style="list-style-type: none"> <li>▶ Work with OEMs and our customers to deliver next generation, fuel-efficient aircraft that reduce CO<sub>2</sub> and other greenhouse gas emissions</li> </ul>
	Air Quality	AerCap, OEM and Customers	<ul style="list-style-type: none"> <li>▶ Our fleet is comprised of 58% new technology aircraft (up from 6% in 2014), reducing carbon emissions by as much as 25% compared to previous generation aircraft<sup>1</sup></li> </ul>
	Waste Management and Recycling	AerCap	<ul style="list-style-type: none"> <li>▶ Initiatives to reduce single-use plastic in our offices globally</li> <li>▶ Work with our waste management partner that offers a “zero to landfill” policy for our Dublin HQ</li> <li>▶ Responsible hazardous waste management including battery collection boxes</li> </ul>
	Operational Efficiency	AerCap and Other Suppliers	<ul style="list-style-type: none"> <li>▶ Our Dublin headquarters is LEED Platinum certified</li> <li>▶ Installed electric car charging points in our car parks</li> <li>▶ Ireland-based employees can opt into the “Cycle to Work” scheme</li> <li>▶ Evaluating ways to reduce our Scope 2 and Scope 3 GHG Emissions</li> </ul>

1. As of December 31, 2019.

# Material Issues and Our Approach (cont'd)

Dimensions	AerCap Material Issues	Boundary	Our Approach
Supply Chain	Supply Chain Compliance	AerCap, OEMs and Other Suppliers	<ul style="list-style-type: none"> <li>▶ Work closely with our suppliers and set governance and performance standards that they are required to meet</li> <li>▶ Monitor our OEM partners and other suppliers' track record on governance, compliance, health and safety and product quality</li> </ul>
	Supplier Relationships	AerCap, OEMs and Other Suppliers	<ul style="list-style-type: none"> <li>▶ A global supplier network that supports the long-term development of the company</li> <li>▶ Convey our values through our supply chain</li> </ul>
Social Citizenship	Human Rights and Community Relations	AerCap and Community Leaders	<ul style="list-style-type: none"> <li>▶ Contribute to the growth, affordability and accessibility of air travel by enabling our airline customers to connect communities and nations across the globe</li> <li>▶ Strong presence in emerging markets</li> <li>▶ Respect for human rights built into our compliance philosophy</li> </ul>
	Community Engagement and Support	AerCap, Employees and Community Leaders	<ul style="list-style-type: none"> <li>▶ Support multiple educational efforts to nurture the next generation of diverse talent</li> <li>▶ Encourage employees to support local and national organizations that strengthen their communities</li> </ul>
	Charitable Actions	AerCap and Community Leaders	<ul style="list-style-type: none"> <li>▶ Support a range of charities each year in the communities in which we operate</li> <li>▶ Match the funds raised by AerCap employee efforts for the benefit of local projects</li> </ul>
	Political Influence	AerCap, Government and Regulators	<ul style="list-style-type: none"> <li>▶ Comply with Irish Regulation of Lobbying legislation and file lobbying returns every four months (nil return in 2019)</li> </ul>

# Material Issues and Our Approach (cont'd)

Dimensions	AerCap Material Issues	Boundary	Our Approach
<b>Employees</b>	Labor Practices	AerCap, Employees, OEMs and Other Suppliers	<ul style="list-style-type: none"> <li>▶ Comply with local regulations and international standards on equal opportunity employment</li> <li>▶ Operate primarily in countries where rights to freedom of association are guaranteed by law</li> </ul>
	Safe and Healthy Work Environment	AerCap, Employees, OEMs and Other Suppliers	<ul style="list-style-type: none"> <li>▶ Comprehensive employee wellness programs, including health benefits and a variety of health and wellness initiatives throughout the year</li> <li>▶ Mental health programs to further support employees and their families</li> <li>▶ Monitor health and safety in both our own operations and our supply chain</li> </ul>
	Employee Engagement	AerCap and Employees	<ul style="list-style-type: none"> <li>▶ Employee online portal for timely communications</li> <li>▶ We engage with employees through departmental meetings and one-on-one discussions to provide regular feedback</li> <li>▶ We host quarterly town hall meetings where senior executives update employees on the latest company developments and directly address employee questions</li> </ul>
	Employee Remuneration and Incentives	AerCap and Employees	<ul style="list-style-type: none"> <li>▶ Attract and retain employees through competitive remuneration packages, including our equity incentive plans</li> <li>▶ All employees of AerCap have the opportunity to become a shareholder in the company</li> </ul>
	Employee Continuous Development	AerCap and Employees	<ul style="list-style-type: none"> <li>▶ Employee training programs for professional development – including further education programs, on-site development, and on-line learning portals</li> <li>▶ Participate in industry conferences to develop up-to-date understanding of the industry and participants</li> <li>▶ Partner with OEMs in our supply chain to provide further employee training</li> </ul>