



TCFD content index
for the fiscal year ended
May 31, 2023

This reporting index is based on the framework provided by the Task Force on Climate-Related Financial Disclosures (TCFD). Disclosures herein generally include business activities covering the period of June 1, 2022, to May 31, 2023, unless otherwise noted.

1. Governance

Disclose the organization's governance around climate-related risks and opportunities	
Describe the board's oversight of climate-related risks and opportunities	<p>Climate-related risks and opportunities are embedded in AAR's strategic planning, risk management program, and related internal processes, all of which are overseen by AAR's Board of Directors and its committees.</p> <p>In July 2023, the Board of Directors amended the Audit Committee Charter to stipulate two new responsibilities for the Audit Committee: 1) oversight of the internal and external review of quantitative environmental data and related disclosures included in AAR's ESG reports, and 2) oversight of enterprise risk management processes related to environmental (such as climate) risk.</p> <p>See our 2023 ESG Summary Report – Our ESG governance enhancements section and Audit Committee Charter</p>
Describe management's role in assessing and managing climate-related risks and opportunities	<p>As part of our enterprise risk management (ERM) process, management and the Audit Committee jointly discuss major risks and opportunities that confront our business, including climate-related risks. We recently added climate to our risk registry and we anticipate the level and depth of conversation on this issue to expand over time. The ERM process is a joint effort by the Company's management and internal audit department and includes developing and implementing risk mitigation strategies, overseeing the effectiveness of the risk mitigation strategies, and reporting to the Audit Committee. The results of the Company's ERM process are reported to the Audit Committee for review and discussion of the Company's principal risks and risk mitigation approaches for addressing these risks.</p> <p>See our 2023 ESG Summary Report – Governing with integrity section</p>

2. Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's business and financial planning where such information is material	
Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	<p>The Board discusses strategic planning at each Board meeting and holds a special strategy session with management each year dedicated exclusively to strategic planning. This session focuses on the development and implementation of our short-term, intermediate-term, and long-term strategic plans. The Board and management review and discuss AAR's operations and financial and non-financial performance. The Board analyzes aviation industry developments and trends, AAR's service and solution offerings, and the competitive landscape in which AAR operates. Climate-related risks and opportunities, including direct AAR and indirect industry impacts, are considered as part of the strategic planning process.</p> <p>Risks: As part of its ERM assessment, AAR considers concerns about the carbon footprint of the aviation industry, including greenhouse gas emissions, and the related efforts to transition to more fuel-efficient and alternative fuel aircraft. If AAR does not stay ahead of technology changes, customers could turn to other companies. Additional related risks include industry-wide reputational risk and compliance with increasingly complex regulations. Direct risks associated with climate change that may impact AAR's business include a reduction in commercial flight hours due to weather disruptions, and increased regulation of commercial airlines that negatively impacts commercial flight hours (with commercial flight hours directly impacting AAR's financial health). AAR will continue to consider risks associated with climate change.</p> <p>Opportunities: AAR prevents and reduces waste by extending the lifespan of airplanes and the useful life of their parts, which we believe helps to reduce the aviation industry's global footprint. By refining our data tracking and disclosure efforts, we can better understand our impacts and design partnership programs to mitigate future impacts.</p>

Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	AAR is using TCFD guidance to assess our climate-related risks. We monitor environmental impacts related to our business and scrutinize climate change effects on the industry. We see opportunity to utilize energy more efficiently across all segments of our business. We will continue to investigate various scenarios, along with the costs of impact and management, over the next several years.
Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2 degree, or lower, scenario	AAR is using TCFD guidance to assess our climate-related risks. We believe our business strategy is resilient yet flexible enough to adjust to changing conditions over time. As climate change impacts our business and industry, our risk assessment and monitoring process will seek to identify and address the risk to mitigate the impact. We will continue to investigate various scenarios, along with the costs of impact and management, over the next several years.

3.Risk Management

Disclose how the organization identifies, assesses, and manages climate-related risks	
Describe the organization's processes for identifying and assessing climate-related risk	Climate-related risks are identified, assessed, and managed as part of AAR's ERM program. As part of our ERM process, management and the Audit Committee jointly discuss major risks and opportunities that confront our business, including climate-related risks. The ERM process is a joint effort by the Company's management and internal audit department and includes developing and implementing risk mitigation strategies, overseeing the effectiveness of risk mitigation strategies, and reporting to the Audit Committee. The results of the Company's ERM process are reported to the Audit Committee for review and discussion of the Company's principal risks and risk mitigation approaches for addressing these risks.
Describe the organization's processes for managing climate-related risks and opportunities	The Board monitors management's performance in the execution of AAR's strategy throughout the year. It receives regular updates from management at each meeting on strategic opportunities and risks that we are currently assessing or addressing, including through the oversight of management's ERM program. The Audit Committee oversees the enterprise risk management process, which is a joint effort by our management and internal audit department and includes developing and implementing risk mitigation strategies, overseeing the effectiveness of the risk mitigation strategies, and reporting to the Audit Committee. The results of our ERM process are reported to the Audit Committee for review and discussion of AAR's principal risks and risk mitigation approaches for addressing these risks.
Describe how processes for identifying, assessing, and managing climate-related risks and opportunities are integrated into the organization's overall risk management	<p>The formal ERM process occurs at least once per year, although risks are assessed on a continual basis and reported to the Board as needed. Principal risks are identified as those that would have a high impact on the Company, including impact on the Company's financial results, even if the risk is remote. In connection with the last ERM process conducted in the first quarter of the 2024 fiscal year, it was concluded, based on information available at the time, that climate related risks are not expected to have a material adverse impact on the Company in the short to medium term.</p> <p>In addition, the Board receives feedback from engagement with AAR's stakeholders and oversees ESG reporting. In July 2023, the Board amended the charters of certain committees to enhance their oversight of ESG matters, including climate-related risks.</p> <p>See our 2023 ESG Summary Report - Our ESG governance enhancements section and the Governing with Integrity section</p>

4. Metrics & Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where information is material	
<p>Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process</p>	<p>AAR tracks energy use and Scope 1 and Scope 2 greenhouse gas emissions and is currently evaluating systems and processes to consistently report and consumption volumes of waste across sites, relative to the potential impact.</p> <p>See our 2023 ESG Summary Report – Focusing on the Environment section and our 2023 External Verification Opinion Declaration – Greenhouse Gas Emissions</p>
<p>Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks</p>	<p>Our total energy consumption increased less than 1% in the 2023 fiscal year from the 2022 fiscal year and decreased 9% from the 2021 fiscal year and 15% from the 2020 fiscal year. In the 2023 fiscal year, our energy intensity was 82.9 MWh/\$M or 298.4 GJ/\$M as compared to 90.0 MWh/\$M or 324.1 GJ/\$M in the 2022 fiscal year, 109.8 MWh/\$M or 395.5 GJ/\$M in the 2021 fiscal year, and 93.3 MWh/\$M or 336.0 GJ/\$M in the 2020 fiscal year. The calculation takes into account electricity and natural gas use for sites within our reporting boundary as described in the FY2023 ESG Summary Report and is based on annual revenue of \$1,990.5M for FY2023. Our emissions increased 3% in the 2023 fiscal year from the 2022 fiscal year and decreased by 6% from the 2021 fiscal year and 18% from the 2020 fiscal year. Total emissions intensity (MT CO₂e/\$M) decreased by 6% from the 2022 fiscal year, 22% from the 2021 fiscal year, and 15% from the 2020 fiscal year.</p> <p>See our 2023 ESG Summary Report – Focusing on the Environment section and our 2023 External Verification Opinion Declaration – Greenhouse Gas Emissions</p>
<p>Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets</p>	<p>AAR is currently in the process of evaluating our environmental inventory and developing strategies for managing our impact.</p>