AAR®

Doing it right. Nonstop.™





2026 Sustainability Report

A message from our Chairman, President and Chief Executive Officer



Fiscal Year 2026 was a defining year for AAR. We delivered record performance, completed four strategic acquisitions, and strengthened our position as the aviation aftermarket's leading parts, repair, and software platform while continuing to invest in the people and capabilities that drive our long-term success.

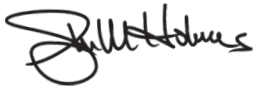
Sustainability is an important part of that approach. We remain committed to creating long-term value for our stakeholders, including through continued focus on the development, engagement, and well-being of our team members, whose expertise and dedication remain central to AAR's success. We continued to strengthen our safety programs and reinforce a culture of safety throughout our operations.

Beyond our workforce, we continued supporting the communities where we operate. Our newly constructed Airframe MRO facility expansions in Oklahoma City and Miami inducted their first aircraft in March and October 2026, respectively, adding hundreds of jobs in these communities while increasing capacity to support customer demand. We also participated in charitable and outreach initiatives across our global operations, including cleaning up the industrial park where our facility in Grand Prairie, Texas, is located.

During the year, we completed a solar panel project at our Airframe MRO facility in Greensboro, North Carolina, that enabled on-site solar energy generation capabilities, and expanded the use of our paperless hangar technology to reduce paper use across maintenance activities.

Strong governance practices are essential to AAR's success, reinforcing accountability and integrity across our Company. In June 2026, we strengthened oversight of our supply chain through updates to our Supplier Code focused on ethics, compliance, human rights, and responsible business practices. We also advanced our approach to managing emerging technologies by forming an artificial intelligence (AI) governance committee.

As AAR continues to grow, we remain focused on creating lasting value through disciplined execution and sustainable business practices. We added "Nonstop" to our longstanding brand promise, which is now "Doing it right. Nonstop.™" This addition reflects the urgency, accountability, and commitment to performance that define how we serve customers and operate. That same mindset will continue to shape how we approach growth, sustainability, and the opportunities ahead.



John M. Holmes
Chairman, President and Chief Executive Officer

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About our reporting

This report has been prepared with reference to the Global Reporting Initiative (GRI) Universal Standards 2021, the Sustainability Accounting Standards Board's (SASB) guidance for the Aerospace & Defense industry, and the framework provided by the Task Force on Climate-Related Financial Disclosures (TCFD). The GRI / SASB and TCFD indices can be found on our sustainability webpage and are linked directly below.

This report generally highlights the sustainability activities of AAR CORP. and its consolidated subsidiaries (together referred to as "AAR" or the "Company") for the fiscal year ended May 31, 2026 (Fiscal Year 2026) and includes some updates through November 24, 2026, the publishing date of this report.

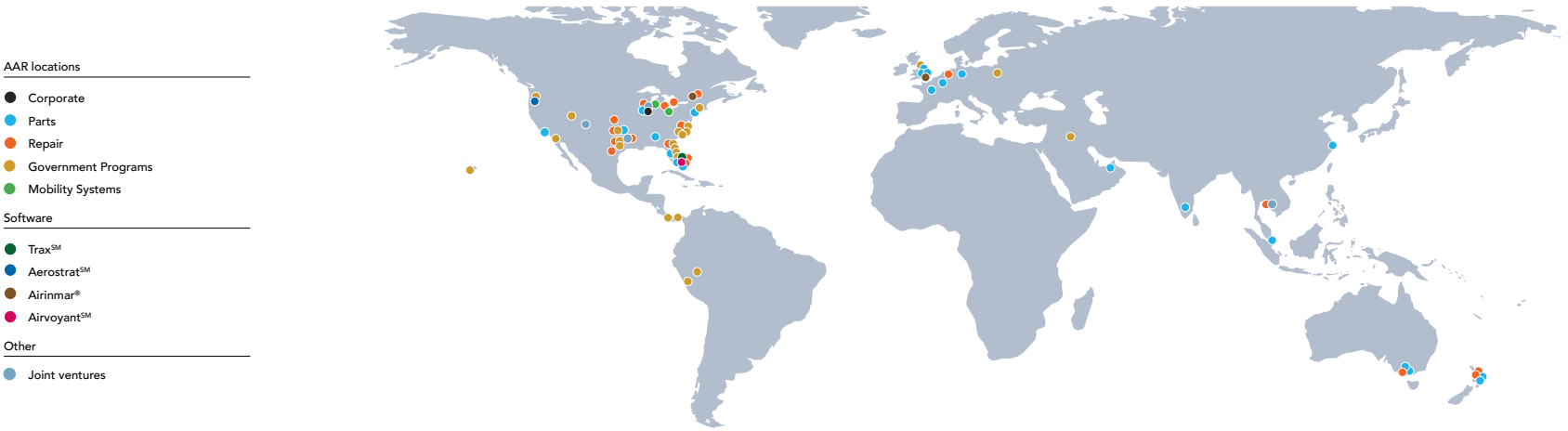
For questions about this report, contact **editor@aarcorp.com**.

This document includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our business plans, goals, commitments, strategies, and results. These statements involve risks and uncertainties. Actual results could differ materially from any future results expressed or implied by the forward-looking statements for various reasons, including due to the risks, uncertainties, and other important factors that are discussed in our Annual Report on Form 10-K for the fiscal year ended May 31, 2026 (the "2026 Form 10-K") filed with the Securities and Exchange Commission (the "SEC"), and subsequent filings. We assume no obligation to update any forward-looking statements or information, which speak as of the publishing date of this report.

Visit www.aarcorp.com, including the links below, for more information about our sustainability reporting.

AAR CORP. GRI/SASB index
AAR CORP. TCFD index
EEO-1 data

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Who we are and what we do

AAR is the leading parts, repair, and software platform in the aviation aftermarket, serving commercial and government customers in more than 100 countries. We provide global aerospace and defense aftermarket solutions through a network of airframe and component maintenance, repair, and overhaul (MRO) facilities as well as offices, warehouses, customer sites, and other service centers across the globe.

Our corporate headquarters is located in the Chicago, Illinois, area near O'Hare International Airport. A warehouse attached to our headquarters serves as a distribution hub for our **Parts** offering, including new and used parts and factory-new original equipment manufacturer (OEM) components. Additional Parts Supply warehouses are strategically located in the U.S., Europe, and Asia. With our acquisition of American Distributors Holding Co., LLC (ADI), in Fiscal Year 2026, we added new distribution locations in Chatsworth, California; Stuart, Florida; Randolph, New Jersey; Okemah, Oklahoma; and Bengaluru, India.

Under our **Repair** business, our talented aircraft technicians and engineering staff perform major maintenance services and airframe repair, modifications, inspections, upgrades, refurbishments, and painting services on a range of aircraft platforms at our North American Airframe MRO hangar facilities located in Indianapolis, Indiana; Oklahoma City, Oklahoma; Miami, Florida; Rockford, Illinois; Trois Rivières, Québec, Canada; and Windsor, Ontario, Canada. With the acquisition of HAECO Americas in Fiscal Year 2026, we added Airframe MRO facilities in Greensboro, North Carolina, and Lake City, Florida. We also offer component repair services and maintain rotable components for commercial, regional, and military operators worldwide at our Component MRO facilities located near Amsterdam, Netherlands, and in Grand Prairie, Texas; Hot Springs, Arkansas; San Antonio, Texas; Wellington, Kansas; and Chonburi, Thailand. The acquisition of Aircraft Reconfig Technologies (ART) in Fiscal Year 2026, located in Greensboro, North Carolina, expanded our engineering capabilities and added aircraft modification and certification expertise.

Our **Software** portfolio includes Trax℠ (maintenance and engineering software); Airinmar® (warranty management services); Aerostrat℠ (maintenance planning software acquired in Fiscal Year 2026); and Airvoyant℠ (AI-powered aviation procurement solution launched in Fiscal Year 2026).

Government Solutions provides fleet management and operation of customer-owned aircraft as well as customized performance-based supply chain logistics programs for the U.S. Department of Defense (DoD), the U.S. Department of State (DoS), and foreign governments. Government Solutions operates from facilities around the globe, including offices, warehouses, customer locations, and manufacturing facilities. Included within Government Solutions, our **Mobility Systems** business manufactures pallets, containers, and expeditionary shelters at our facility in Cadillac, Michigan, and performs container and shelter integration and support services in Fayetteville, North Carolina.

We also have sales offices for our businesses worldwide in Europe, Asia, the Middle East, and Australia.

Business overview



Parts

- Distribution of new parts to commercial and government / defense operators
- Used Serviceable Material (USM)

Repair

- Airframe MRO
- Component MRO
- Engineering Services

Software

- Trax℠
- Aerostrat℠
- Airinmar®
- Airvoyant℠

Government Solutions

- Government Programs
- Mobility Systems

Our vision, purpose, and mission

Vision

Create value for customers through differentiated capabilities and offerings, resulting in a sustainable, unique competitive advantage.

Purpose

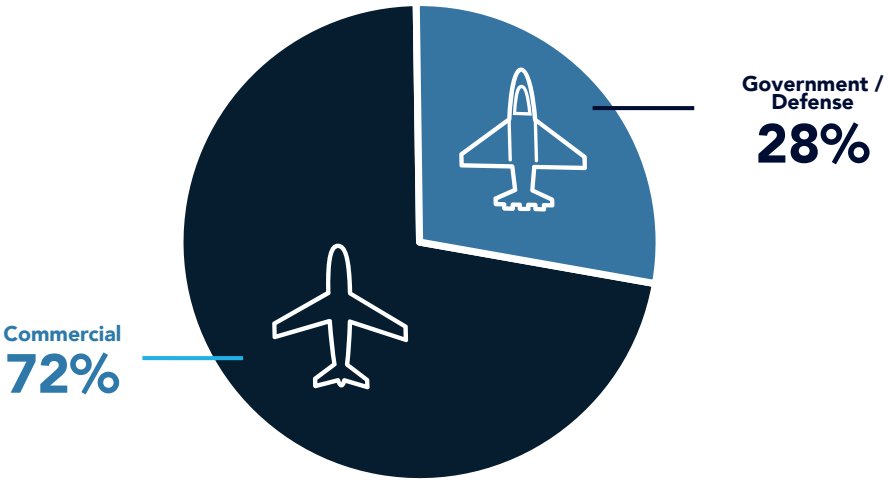
Empowering people to build innovative aerospace solutions today so you can safely reach your destination tomorrow.

Mission

Go above and beyond to provide value-driven aerospace aftermarket solutions to meet the evolving needs of our customers worldwide.

Our customers

(as a percentage of Fiscal Year 2026 sales)



Key business achievements in Fiscal Year 2026

Executed and expanded in commercial and government markets

- Completed construction of Airframe MRO expansion in Oklahoma City and began servicing additional lines of heavy maintenance
- Renewed nearly 100% of new parts Distribution contracts and entered into significant new contracts, expanding U.S. and foreign military support
- Completed formation of xCelle Asia joint venture, expanding offerings in Asia-Pacific Region
- Secured flagship airline commitment for Trax

Strategic actions positioning the Company for continued growth and margin expansion

- Simplified segmentation to align with parts, repair, and software approach and initiated wind-down of Commercial Programs business to improve margins and return on capital
- Acquired American Distributors Holding Co., LLC, broadening new parts Distribution offerings and presenting high-growth opportunities
- Acquired Aerostrat and launched Airvoyant, each strengthening our Software platform
- Expanded Airframe MRO capacity and optimized footprint with acquisition of HAECO Americas
- Acquired Aircraft Reconfig Technologies, enhancing our Engineering Services offerings and reducing reliance on third parties for design certification

Our strategy

Our strategy is to deliver on customer commitments and build long-term value for all stakeholders by generating above-market sales growth and margin expansion. We effectuate this strategy through actions to:

- **Win more core** business through deepening customer relationships
  - Drive organic growth by winning new agreements, expanding capabilities and capacity, and capturing opportunities in new markets
- **Leverage our platform** of integrated aviation aftermarket solutions to drive sales growth across the organization
  - Use our global footprint to drive efficiencies across the business and integrate capabilities across parts, repair, and software
- **Scale with discipline** by prioritizing disciplined M&A as a means to achieving strategic objectives
  - Deliver high-quality solutions to customers on time while controlling costs and fostering a culture of innovation and product development

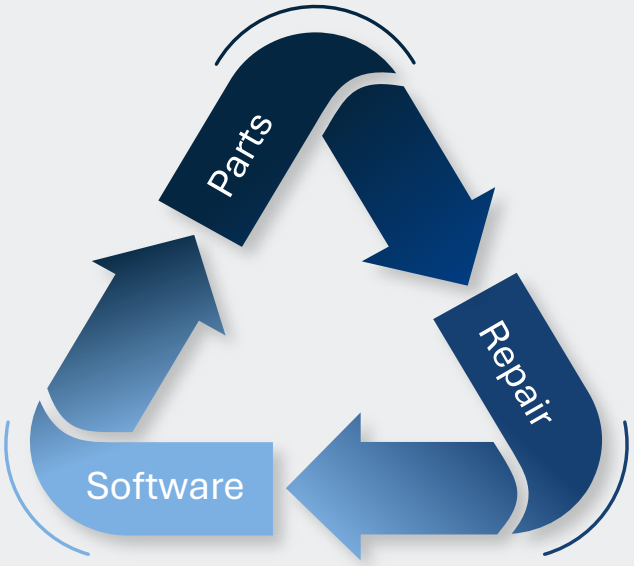
Integrated business: Platform for self-reinforcing growth

Parts

- New parts Distribution drives long-term relationships with OEMs
- OEM relationships support technical requirements for Component MRO
- Highly transactional USM business keeps us in close contact with Parts buyers and provides critical market intelligence for new parts Distribution

Repair

- Component MRO supports Airframe MRO and USM activities with repairs
- Airframe MRO allows us to collect data relevant to OEMs for new parts Distribution
- Airframe MRO is a highly visible activity that helps drive volume to higher-margin Component MRO



Software

- Data available through Parts and Repair activities improve Software offering and enable us to quickly identify market trends
- Software provides platform through which customers can purchase Parts and Repairs
- Planning tools provide insight to long-range maintenance planning, allowing us to optimize Airframe MRO capacity and improve new and used parts provisioning

Our sustainability commitments statements and key impact areas

Along with our guiding principle of Doing it right. Nonstop.™, our sustainability commitments help inform our decision-making as we navigate an ever-changing world. We are committed to analyzing and better understanding how AAR impacts our local and global communities, the environment, and our industry so that we may reduce potential risk, promote resiliency, and drive value for all stakeholders. Our commitments include:

- **Environmental:** We are committed to carefully monitoring environmental impacts and instituting safeguards for preserving the natural environment, reducing climate-related risks, and creating opportunities for the prevention, reduction, and recycling of waste and other materials used in our business processes, wherever possible.
- **Social:** We are committed to managing our relationships with all stakeholders, including our employees, customers, supply chain partners, and communities, in an inclusive, fair, and respectful manner.
- **Governance:** We are committed to establishing, implementing and maintaining an effective governance structure that is agile and responsive to business needs and evolving best practices and that sets high ethical standards.
- Our sustainability key impact areas are priorities influenced by our most recent impact assessment, described in our **2022 Environmental, Social, and Governance Report**. These impact areas are where we believe we have the greatest opportunity to make a meaningful impact. Key impact areas are noted below and expanded on in the remainder of this report.



Ideas matter.
Think new.
Think ahead.

Environment: Focusing on the environment

- Emissions
- Energy
- Water
- Waste
- Materials



Work as one.
Be inclusive.

Social: Driving social responsibility

- Aviation safety
- Occupational health and safety
- Employee health, safety, and well-being
- Employee engagement
- Talent development
- Giving back



Be honest.
Inspire trust.

Governance: Governing with integrity

- Risk identification, management, and mitigation
- Compliance, ethics, and integrity
- Anti-corruption
- Data privacy and cybersecurity
- Supplier engagement and procurement practices

Our sustainability governance

Sustainability is a core part of our strategy and is overseen by our Board of Directors. Each standing committee is responsible for specific sustainability focus areas, as outlined below.

Committee	Sustainability oversight responsibilities
Nominating and Governance Committee	Oversees our corporate governance policies and practices; also reviews various components of our sustainability framework, including our sustainability oversight structure, overall sustainability strategy, and material disclosures regarding the oversight process and sustainability initiatives
Human Capital and Compensation Committee	Oversees our executive compensation program and human capital management function, including succession planning, talent development, inclusion efforts, pay equity, and culture, as well as the oversight of any sustainability goals in the incentive compensation programs
Audit Committee	Oversees the internal and external review of quantitative environmental data and related disclosures included in our sustainability reports and oversees the enterprise risk management process, including environmental (such as climate) risks, in addition to overseeing financial reporting, internal audit, compliance and ethics, and cybersecurity / artificial intelligence matters
Aviation Safety and Training Committee	Oversees all aspects of aviation safety, including safety compliance related to the delivery of services and products, employee safety, our culture of safety compliance, safety reporting practices, safety training programs, and aircraft damage and accidents

At the management level, a cross-functional sustainability team of leaders representing legal, communications, human resources, and environmental, health, and safety collaborates and receives input and guidance from senior business leaders. Together, this group assesses risks and opportunities related to sustainability, monitors and implements our strategies, tracks our progress, and guides our reporting to stakeholders.

For more information regarding risk oversight and committee responsibilities, see "The Board's role and responsibilities" in our **2026 Proxy Statement** and "Risk identification, management and mitigation" later in this report.

Focusing on the environment



Environmental commitment statement

We are committed to carefully monitoring environmental impacts and instituting safeguards for preserving the natural environment, reducing climate-related risks, and creating opportunities for the prevention, reduction, and recycling of waste and other materials used in our business processes, wherever possible.

Key impact areas:

• Emissions • Energy • Waste • Water • Materials

Overview and approach

Our commitment to the environment runs throughout our business. AAR's business model focuses on repairing and servicing equipment rather than discarding it. At our various facilities around the world, several efforts are underway to reduce energy consumption and waste, improve efficiencies, and champion various environmental initiatives. Employees are trained in environmental safety and how to responsibly use and dispose of materials based on level of responsibility.

Our **Supplier Code of Conduct** outlines suppliers' responsibilities to mitigate and reduce environmental impacts, reinforcing our commitment to sustainability across our operations and supply chain.

Environmental highlights

In pursuit of Doing it right. Nonstop.™, local teams actively look for opportunities to strengthen our business, improve efficiency, and reduce our environmental footprint. Below is an overview of the types of activities conducted at various facilities followed by specific Fiscal Year 2026 facility highlights.

Some of the ways we reduce waste include:

- Recycling paper, cardboard, metal, plastic, batteries, and toner cartridges
- Implementing paper-reduction and digitization initiatives, including electronic recordkeeping and document management, mobile workforce digitization through tablets, and paperless workflows that reduce paper consumption while improving operational efficiency
- Using filtered water dispensers to reduce single-use plastic bottle waste
- Displaying signage to educate and encourage employees to recycle

We conserve energy and water through initiatives such as:

- Using LED lighting
- Utilizing HVAC set-back schedules during non-operating hours
- Using low-flow plumbing fixtures and sensor faucets
- Offering electric vehicle parking and charging
- Engaging in other projects focused on reducing energy use, water consumption, waste generation, or material use, such as solar energy installations, chemical-use reduction initiatives, and waste-reduction projects

Local sustainability efforts are often supported by employee involvement and site-level ownership, including:

- Designating sustainability leads
- Supporting employee-driven green initiatives including energy-conservation campaigns, environmental stewardship programs, volunteer clean-up efforts, and sustainability-focused community events

As part of our annual corporate audit program for maintenance facilities, AAR conducted site-level environmental assessments aligned with ISO 14001 principles.

Facility-specific Fiscal Year 2026 highlights

Wood Dale, Illinois, USA (corporate headquarters and warehouse)

- Hosted employee sustainability engagement activities focused on environmental awareness, waste reduction, reusable water bottle use, and other sustainability practices
- Continued the conversion of facility lighting to LED fixtures, including the installation of fixtures equipped with motion sensors

Greensboro, North Carolina, USA (Airframe MRO)

- Completed installation of 7,770 solar panels across six buildings, including a LEED Silver-certified hangar, at the Greensboro, North Carolina Airframe MRO facility
  - Added on-site solar energy generation capabilities
  - Enabled renewable electricity generated on site to support facility operations and, when available, be returned to the local grid

"The solar panel system provides on-site renewable energy generation capabilities and helps support facility operations."

– Brett Houser, Director of EHS, Airframe MRO – Greensboro



Miami, Florida, USA (Airframe MRO)

- Continued expansion of paperless maintenance documentation and recordkeeping processes
- Expanded recycling efforts through electronic-component recycling and personal protective equipment recycling programs
- Completed maintenance and cleaning of wastewater-management infrastructure and conducted testing to support effective controls and environmental compliance

Rockford, Illinois, USA (Airframe MRO)

- Continued digitization of maintenance and administrative records to reduce paper consumption
- Collaborated with the airport authority to upgrade facility lighting fixtures with more energy-efficient LED technology
- Expanded metal recycling efforts to reduce waste sent to landfill

Trois-Rivières, Quebec, Canada (Airframe MRO)

- Expanded digitization efforts through deployment of tablets supporting electronic inspections, reporting, and document management, reducing paper consumption and improving operational efficiency
- Implemented multiple waste-reduction initiatives, including plastic parts recovery programs, improved paint-disposal practices, an oil-dispensing system that reduces container waste, and nitrogen-optimization projects
- Continued to support sustainability through recycling programs, water-bottle refill stations, and electric vehicle charging infrastructure

Windsor, Ontario, Canada (Airframe MRO)

- Completed conversion to LED lighting to improve energy efficiency
- Installed low-capacity toilets to reduce water consumption
- Added additional water-bottle filling stations, helping divert plastic bottles from waste streams

Facility-specific Fiscal Year 2026 highlights (continued)

Grand Prairie, Texas, USA (Component MRO)

- Achieved ISO 14001 certification, an internationally recognized standard for environmental management systems that provides a framework to identify and manage environmental impacts, support regulatory compliance, and drive continuous improvement
- Implemented a third-party chemical-management program to improve inventory management, reduce waste, and support regulatory compliance
- Continued participation in municipal clean-air and pollution-prevention initiatives

"Earning ISO 14001 certification reflects the commitment and teamwork of colleagues across our site who have worked together to strengthen our environmental management practices. We are proud of this achievement and excited to build on this momentum through continued sustainability projects and improvements."

– Ben Ferguson, EHS Manager, Component MRO – Grand Prairie



Chonburi, Thailand (Component MRO)

- Maintained ISO 14001 certification
- Strengthened awareness of energy conservation and greenhouse gas emissions through employee training and participation in an energy conservation campaign
- Completed targeted energy conservation projects, achieving electricity savings through compressed air system and HVAC improvements

Randolph, New Jersey, USA (OEM Supply)

- Continued implementation of LED lighting upgrades throughout the facility
- Conducted an HVAC efficiency assessment and implemented related efficiency improvements
- Replaced a traditional chemical-based cleaning process with an alternative system that reduced the use of cleaning chemicals

Bengaluru, India (OEM Supply)

- Completed conversion to LED lighting
- Continued use of digital systems and electronic recordkeeping to reduce paper consumption

Cadillac, Michigan, USA (Mobility Systems)

- Improved materials used in the bonding process
- Enhanced preventative-maintenance programs for equipment



Sustainability at trade shows

In March 2026, AAR earned the Better Stands Bronze award in recognition of our use of a reusable exhibition stand system at a trade show.

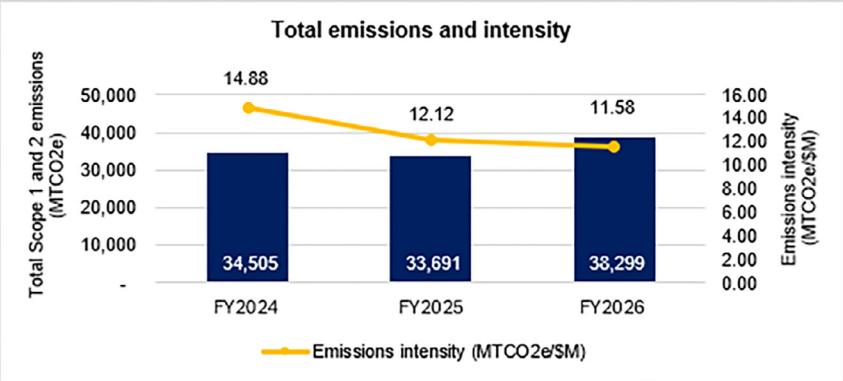
In June 2026, AAR earned a Better Stands Gold Award, the program's highest designation, for meeting advanced standards for sustainable and reusable exhibit design at another trade show.

Scope 1 and 2 emissions

We continue to evaluate our environmental impact and strengthen our sustainability practices. Since 2021, we have reported Scope 1 and 2 emissions using utility-based data for natural gas (Scope 1) and electricity (Scope 2). We utilize a third-party platform for our reporting to improve efficiency and increase data visibility.

During Fiscal Year 2026, our reporting boundary expanded to include five newly acquired sites. As a result, year-over-year changes in emissions reflect both changes in operational activity and the addition of these facilities to our reporting inventory. Excluding newly acquired sites, AAR's Fiscal Year 2026 Scope 1 and 2 emissions remained relatively stable compared with Fiscal Year 2025. Additionally, our emissions intensity ($MTCO_2e$ per million dollars of consolidated sales) decreased for the fifth consecutive year. The charts below show our natural gas and electricity use over the past three fiscal years.

Our **Supplier Code of Conduct** communicates expectations that our suppliers seek to minimize their environmental impact as well.



Emissions by source[1,2]

In metric tonnes of carbon dioxide equivalent ($MTCO_2e$)	FY2024	FY2025[3]	FY2026
Scope 1	21,497	19,314	20,151
Scope 2	13,008	14,377	18,148
Total Scope 1 and 2	34,505	33,691	38,299

[1] ***Note about environmental data:*** *The current reporting boundary for our Scope 1 and 2 emissions data consists of the following facilities located within the United States and Canada: Airframe MRO, Component MRO, Government Solutions, Trax, ADI, and manufacturing facilities, as well as our Amsterdam and Thailand Component MRO facilities, our India ADI facility, and our corporate headquarters in a suburb of Chicago, except as otherwise stated in this footnote. We believe these sites have the most significant impact on our environmental footprint. Data is excluded from sites with fewer than 50 individuals, from sites where we may have a significant presence but no control over the operations, and from certain site types (small warehouses, satellite offices in Europe) where operations are minimal, data is not material, and activities are outside the scope of our core business operations. We will review our reporting boundary annually and update as operational control and data availability evolve.*

[2] *Some of our data is based on estimates when every applicable invoice/bill is not available at the time of preparing the report. Estimates were made using invoice graphs of annual usage and averages of monthly usage. These estimates make up 1.5% of the total reported usage. In Fiscal Year 2026, annual usage was estimated for our sites in Indianapolis and Rockledge, Florida, for electricity and Trax for electricity and natural gas.*

[3] *During the Fiscal Year 2026 annual inventory process, additional data was identified that helped fill gaps in the Fiscal Year 2025 dataset and improve the completeness of the prior-year inventory. As part of the review, we also evaluated key estimation methodologies and determined that the square footage estimate used for the Indianapolis facility was not based on an industry-standard approach. To address this, the methodology was updated to use energy-consumption estimates based on the U.S. Energy Information Administration's Commercial Buildings Energy Consumption Survey (CBECS), providing a more standardized basis for calculating emissions. This change enhances consistency across reporting years.*

Environmental monitoring, safety, and compliance

Environmental safety and compliance are core to our values and embedded in our Safety Management System (SMS), which guides our policies, procedures, and regulatory practices. Our Vice President of Corporate Safety leads the Environmental, Health, and Safety (EHS) teams, who manage day-to-day responsibilities across locations—from training and local policy implementation to compliance and risk management.

Local EHS leaders conduct weekly site inspections, hold monthly knowledge-sharing meetings, and are responsible for resolving audit findings.

We use our proprietary APRISe© software to track environmental compliance, risk assessments, audit findings, and corrective actions. Employees are encouraged to report concerns or suggest improvements, with visibility into site-level reports to promote awareness and transparency.

A role focused on optimizing APRISe© dashboards, improving communication across sites, and enhancing risk mitigation efforts in partnership with our SMS, EHS, and quality teams continues to strengthen our proactive approach.

AAR conducted a corporate EHS audit this past year, including comprehensive quality, safety, and environmental assessments at major sites. The audit, based on ISO 14001 risk management principles, involved a week-long review by auditors per site. To improve audit effectiveness, we use a four-tier scoring system—present, suitable, operating, and effective—to better identify gaps and prioritize improvements. Our audits are designed to align with ISO 14001 requirements, and we are working towards compliance across locations.

AAR facilities provide environmental training tailored to employees' responsibilities and level of engagement with topics such as recycling, waste management, energy conservation, and chemical handling. Training requirements are compliance-driven and vary by role, with additional training conducted in response to environmental incidents or events.



AAR has several policies and procedures in place regarding waste management:

Handling Goods & Materials Policy and Procedures Manuals: Outline the appropriate handling, storage, packaging, preparation, and shipping of materials.

Environmental Policy & Procedures Manuals: Outline how to conduct operations to protect human health and safety, along with the environment. The manuals also include details on how policies and practices should align with local regulations, how to conduct periodic environmental assessments, and how to manage environmental risks.

Material and Waste Storage and Handling Plans: Manage the generation, collection, transportation, and disposal of generated waste streams.

This year, we added our newly acquired sites to our water risk assessment. AAR uses the World Resources Institute (WRI) Aqueduct Tool, which provides insights into potential water-related risks associated with the geographic regions in which facilities within our reporting boundary are located.

Driving social responsibility



Social commitment statement

We are committed to managing our relationships with all stakeholders, including our employees, customers, supply chain partners, and communities, in an inclusive, fair, and respectful manner.

Key impact areas:

• Aviation safety • Occupational health and safety • Employee health, safety, and well-being
• Employee engagement • Talent development • Giving back

Overview and approach

At AAR, we believe our success is tied to the well-being of our employees, customers, partners, and communities. Guided by our value to "Work as one. Be inclusive," we are committed to respecting human rights and creating positive social impact.

Our efforts focus on health and safety, employee and community engagement, inclusive collaboration, and training and education.

We believe sustainable performance is driven by the alignment of people, process, and technology. By investing in our talent, continuously improving our processes, and advancing our technology capabilities, we enhance operational excellence, strengthen our safety and quality outcomes, and position the Company for long-term growth.

Aviation safety

Aviation safety is one of our top priorities as a company. Living our value of "Quality first. Safety always," our commitment to safety begins at the highest levels of the organization, with the Board of Directors' Aviation Safety and Training Committee (ASTC) providing oversight of safety, training, and safety culture, including quarterly review of key risks, performance indicators, and continuous improvement initiatives. Executive leadership is accountable for safety performance, with responsibility embedded across the organization. See the **ASTC Charter** and **2026 Proxy Statement** for more information.

Safety Management System (SMS)

By living our "Quality first. Safety always." value, we remain committed to advancing our safety culture and ensuring consistent, high standards across our global operations. In Fiscal Year 2023, AAR became the first independent third-party MRO to implement an FAA-accepted, Companywide SMS, expanding from a site-specific model launched three years earlier.

Our SMS provides a structured framework for employees to identify and report concerns, analyze risks, implement mitigation measures, and share best practices—helping to protect our employees, customers, partners, and other stakeholders while maintaining regulatory compliance. The program is built on four components:

- **Safety Policy:** Establishes executive-level commitment, governance structure, and accountability mechanisms to drive continuous safety improvement
- **Safety Risk Management:** Systematically identifies and evaluates risks, ensuring appropriate controls are implemented and maintained within defined tolerance levels
- **Safety Assurance:** Monitors performance and effectiveness of controls through data-driven evaluation, enabling continuous improvement and early identification of emerging risks
- **Safety Promotion:** Enhances workforce engagement and awareness through targeted training, communication, and leadership alignment

Since the inception of our SMS, we launched a Companywide internal safety site where employees can access key safety resources, including "Safety Spotlights" featuring leadership insights, maintenance alerts, quality alerts, safety news, and

a centralized safety toolbox library. Over the past year, we successfully integrated newly acquired sites into our APRISe® system (our quality and safety management system) and the corporate SMS program, ensuring consistency in safety reporting and oversight across our global operations. Additionally, we expanded the corporate SMS framework to encompass our Design Organization, thereby further strengthening our risk management and safety assurance processes.

In addition, we conducted a broad-based safety culture assessment across 16 major AAR sites to benchmark performance and identify opportunities for further improvement.

Since the implementation of our SMS, safety culture assessments show an increase in voluntary, proactive and/or preventative reports each year. Employee feedback is gathered through monthly and annual SMS surveys to ensure continuous improvement.

AAR's SMS policy aligns with FAA (Federal Aviation Administration), EASA (European Union Aviation Safety Agency), UK, and TCCA (Transport Canada Civil Aviation) requirements and saw an increase in employee-reported SMS occurrences, reflecting greater engagement from mechanics and technicians, driven by leadership support and increased promotion of the program. Most reported incidents were resolved at the facility level, demonstrating improved local ownership of safety. AAR also increased proactive risk-sharing with customers, helping strengthen trust and transparency. AAR conducts an SMS assessment each year to continue building on this progress.

Product safety

AAR's product safety policy has been approved by multiple countries in which AAR operates and does business, such as the UK and Canada.

Enhanced auditing for quality, safety, and environmental compliance

In Fiscal Year 2026, AAR continued its corporate safety audit program, conducting comprehensive weeklong assessments at major sites. These audits were guided by internationally recognized standards, including International Organization for Standardization (ISO); International Standard for Aerospace Management Systems AS9100 and AS9110; Connectivity, Autonomous Sharing/Subscription and Electrification (C.A.S.E.); and Occupational Health and Safety Administration (OSHA), ensuring a robust evaluation of both quality and safety systems. Our new four-tier scoring system, as described in the "Environmental monitoring, safety, and compliance" section on page 13, helps to enhance our auditing and prioritize corrective actions.

Corporate quality assurance

AAR's corporate quality assurance department maintains and oversees business management system compliance and quality management system certifications across our operations. Certifications include International Standard for Aerospace Management Systems, AS9100, AS9110, and AS9120; International Organization for Standardization (ISO) 9001:2015; Federal Aviation Administration (FAA) AC-00-56B; and ASA-100 from the Aviation Suppliers Association. These certifications demonstrate our commitment to quality, product and employee safety, reliability, and continuous improvement, while also supporting regulatory compliance, promoting operational excellence, and reinforcing consistent quality standards across our global operations.

In Fiscal Year 2026, AAR continued expanding its quality management system through integration of newly acquired operations, maintenance and oversight of quality certifications, and implementation of quality management processes across multiple business units and locations. Corporate quality assurance conducted internal audits across the business to drive continuous improvement and verify compliance with applicable standards and requirements. AAR's business management framework also includes formal annual management reviews in which leadership evaluates performance, reviews key performance indicators, identifies opportunities for continuous improvement, and establishes priorities and objectives for the coming year.

The corporate quality team also oversees supplier quality and vendor management processes, including supplier qualification, performance monitoring, corrective action reviews, and periodic performance evaluations. Through its corrective action process, AAR reviews supplier performance, product conformity, on-time delivery and customer feedback to promote accountability and continuous improvement throughout the supply chain. In Fiscal Year 2026, the team managed vendor qualification, monitoring, renewal, and recertification activities across AAR's global operations. The team also supports product integrity and supply chain risk management efforts to help mitigate the risk of counterfeit and suspect unapproved parts by participating in the Government-Industry Data Exchange Program (GIDEP), which facilitates the sharing of industry and government information related to product integrity concerns. Relevant notifications are communicated across the organization to support timely evaluation and corrective action when necessary.

Occupational health and safety

Aligned with our "Quality first. Safety always." value, we are committed to fostering a safe workplace in compliance with applicable safety and occupational health regulations, including FAA, EASA, TCCA, and OSHA requirements, as well as our internal standards and policies. We actively engage employees to report concerns and participate in corrective actions that strengthen our safety performance. Our approach emphasizes risk reduction and mitigation of conditions that could result in injury, operational disruption, or customer impact.

Our corporate SMS provides a structured, enterprise-wide framework aligned with regulatory and industry standards. Through our SMS, employees proactively report concerns through established reporting channels, including the "Report Something" feature in APRISe®, our integrated system for tracking quality, safety, and environmental data, conduct safety risk assessments, implement mitigations, and share lessons learned across operations. We promote a culture that supports open reporting and prohibits retaliation, enabling us to identify risks early and address root causes through investigation and corrective action.

We support these efforts through ongoing training, leadership engagement, and targeted safety communications, including Companywide campaigns and recognition programs that reinforce safe behaviors and accountability. We monitor a range of leading and lagging indicators, such as reporting rates, risk assessments, audit results, and injury metrics, to evaluate performance and drive accountability. We leverage data analytics to identify trends, prioritize interventions, and continuously strengthen our safety culture and operational resilience. Upholding our commitment to safety is foundational to Doing it Right. Nonstop.™

In Fiscal Year 2026, management completed a comprehensive review of occupational health and safety standards at newly acquired AAR sites and confirmed alignment with AAR policies and practices.

Occupational health and safety practices

- Local safety leaders at our sites conduct weekly walking inspections to identify concerns, recommend updates, and implement corrective actions or training.
- Environmental, Health, and Safety (EHS) employees from global sites meet monthly to share safety insights and best practices. Employees must complete mandatory safety training to reinforce their role in maintaining a safe workplace.
- Our Safety Policy is reviewed annually, with updates communicated to relevant staff.

AAR has several policies, processes, and procedures manuals in place to protect employees' health and safety:

Environmental Policy and Procedures Manuals: Ensure compliance with safety steps and standards when handling materials. Require employees to have required training and personal protective equipment (PPE).

Handling Goods & Materials Policy and Procedures Manuals: Outline steps and procedures employees should take when handling materials. Require employees to have the appropriate PPE, specific training, certifications, tooling, and equipment for handling materials.

Health and Safety Programs: Sets forth the policy and procedures for establishing and maintaining a health and safety program at AAR business units. This program aligns with OSHA and FAA requirements and relevant state and local regulations. This document also includes an Emergency Management Plan (EAP).

In Fiscal Year 2026, our recordable injury and illness rate (RIIR) was 1.53, reflecting a 21% improvement year over year. The RIIR describes the number of employees (per 100 full-time employees) who were involved in a recordable injury or illness. Our rate of recordable incidents (per 100 full-time employees) that resulted in one or more days away from work, restricted work, or job transfer (DART) was 0.98. Both our RIIR and DART rates improved year over year. We believe this improvement was supported in part by the continued maturation of our SMS, which helps inform best-practice sharing, training, and continuous improvement efforts. We also saw improved safety and quality audit results during the year.

Each August, AAR's facilities around the globe participate in OSHA's Safe + Sound Week, an initiative that underscores the importance of workplace safety and health programs. Our facilities engage in training sessions, workshops, and safety audits to provide opportunities for employees to enhance their ability to identify and mitigate risks in the workplace. Some facility-specific Fiscal Year 2026 occupational health and safety highlights include:

- Grand Prairie, Texas, USA (Component MRO): Conducted employee training on environmental compliance topics, including waste management, permit requirements, and recycling programs, to promote regulatory compliance and continuous improvement.
- Oklahoma City, Oklahoma, USA (Airframe MRO): Provided employee training on proper management and staging of environmental wastes in accordance with applicable regulatory requirements
- Rockledge, Florida, USA (Government Programs): Implemented smart-phone enabled employee concern reporting program that enhanced identification, communication, and remediation of operational and environmental concerns
- Windsor, Ontario, Canada (Airframe MRO): Received 5-Star Safety Cultures (Best Safety Culture in the Workplace in Canada) award in Fiscal Year 2026.

Employee health, safety, and well-being

AAR's Wellness Pathway connects employees to mental, physical, and financial health resources. Employees are eligible for paid and unpaid leave, including parental leave. We also offer a variety of additional benefits to meet the needs of employees, including an Employee Assistance Program that provides confidential support and a series of free counseling sessions for employees and their families. In addition, we offer programs for educational assistance and adoption assistance. Some of our facilities also have fitness centers on site for employee use and host regular wellness events. We offer free annual flu shots at several facilities. In April, we held AAR Wellness Week, offering activities focused on mindfulness, nutrition, physical exercise, healthy relationships, and financial wellness.

Our culture

At AAR, culture is central to how we engage, develop, and retain our people.

Our Company values shape our culture and guide our actions every day. These values are visible across our operations, from our hangars and warehouses to our offices across the globe, and support a workplace built on collaboration, accountability, inclusion, and safety.



Employee engagement

We regularly assess employee engagement through anonymous third-party surveys and other feedback mechanisms to better understand the employee experience and identify opportunities for improvement.

In 2026, AAR earned Great Place to Work™ Certification for the second consecutive year based on feedback from our employee engagement survey. Results highlighted strengths in workplace safety, meaningful work, pride in the Company's accomplishments, and an inclusive culture, with many measures exceeding Great Place to Work® benchmarks. Employees identified physical safety as AAR's strongest attribute for the second consecutive year, reinforcing our commitment to our core value: "Quality first. Safety always."

Survey results are reviewed by leaders across the Company and used to inform action plans at both the business and site levels. The Human Capital and Compensation Committee of our Board of Directors also receives regular updates on employee feedback and engagement efforts.

Integrating new employees

Fiscal Year 2026 marked AAR's most acquisitive year, bringing many new employees to the Company. We focused on helping employees from acquired businesses become part of AAR's culture through onboarding programs, leadership engagement, and cross-functional collaboration. We also worked to incorporate the knowledge, experience, and best practices they brought to AAR, creating opportunities to learn from one another and strengthen our organization. These efforts help create a consistent team member experience while fostering connection, inclusion, and a sense of belonging across our growing organization.

Engagement highlights

In Fiscal Year 2026, we:

- Held employee appreciation events and presented our Doing It Right® award
- Celebrated Aviation Maintenance Technician (AMT) Day by spotlighting AMTs on social media
- Organized a STEM-focused Take Your Child to Work Day at our corporate headquarters
- Emphasized veteran retention and career growth through new mentorship opportunities
- Developed a new Parental Leave Policy that expands the amount of time new parents can spend with their family
- Developed and implemented action plans in response to analysis of the employee engagement survey results
- Recognized employees in "Employee of the Month" initiatives across various sites

This year, we won the following awards:

Since our last sustainability report, AAR has earned many recognitions, including:

- 2026 Great Place To Work Certification™
- The145's Top Shop Award for Best Total Solutions
- Vault's 2027 Internships Ranking
- 2027 Military Friendly® Gold Employer and Military Friendly® Spouse Employer designations
- Canadian Occupational Safety's 2026 5-Star Safety Cultures Award

Talent development

AAR's success relies on a skilled, high-performing workforce. We continue to invest in internally developed leadership programs designed to create a consistent leadership framework across the organization. By establishing common leadership language, expectations, and behaviors, these programs help leaders effectively engage, develop, and support their teams while reinforcing our culture and business objectives. Succession planning for senior leaders remains a priority as AAR continues to grow and evolve.

Our global talent strategy supports team member growth through talent reviews, development planning, training, mentorship, and leadership programs. We collaborate with industry, education, and government partners to build talent pipelines and support workforce development.

Driving social responsibility

In 2026, we achieved the following:

- Scaled a leadership and professional development program across the enterprise, broadening training opportunities and supporting development throughout our organization
- Expanded internal leadership development capability through internal trainer certification and dedicated Component MRO support
- Integrated Microsoft's technical training platform with our learning management system, expanding access to technical learning opportunities
- Renamed and revamped our Mentorship Program called Elevate to allow team members to participate in activities that strengthen their mindset, build core skills, deepen connections, and shape their career path. Individuals can choose from three unique program pathways
- Implemented a Companywide learning needs assessment and used the results to align training opportunities with team member needs, including resiliency, accountability, critical thinking, influence, systems thinking, and innovation
- Launched our global engagement calendar, featuring initiatives focused on continuous improvement, health and wellness, sustainability, and more

AAR takes a proactive approach to building a strong talent pipeline by investing in programs that expand access to aviation careers:

- EAGLE Career Pathway connects underrepresented talent with education, hands-on training, and job opportunities
- Our collaboration with the FAA promotes aviation maintenance careers through high school outreach across the Great Lakes region. Our Choose Aerospace partnership helped launch FAA-aligned aviation curriculum in the high schools. Following a successful pilot program, the curriculum officially launched across eight states in 2022 and has expanded to 21 states in more than 50 high schools, reaching over 3,000 students from launch through the 2025/2026 academic year
- AAR Foundation Scholarships support the education of employees' children pursuing aviation and aerospace careers
- SkillBridge partnership with Embry-Riddle Aeronautical University trains transitioning military members, veterans, and spouses for aviation maintenance careers at seven U.S. military bases. Based on FAA Part 65 requirements, this course prepares students to take the FAA exams as well as receiving a B737 general familiarization certificate.

AAR's Educational Assistance Program supports personal and professional growth by reimbursing educational courses at accredited colleges, universities, and trade schools. It also covers fees for certain professional preparation courses, examinations, and certifications.

Summer internship program

AAR's summer internship program provides students with hands-on experience related to their field of study. Throughout our 10-week program, interns work closely with their assigned departments to perform duties similar to those of full-time employees and learn more about AAR, business management, and the aviation industry. Interns also visit our repair facilities, tour airports, participate in development opportunities, and work to improve the business through an assigned project. Many interns receive employment offers following the program.



Our employees

In Fiscal Year 2026, our global workforce was comprised of approximately 7,100 employees worldwide, nearly all full-time (96%). Approximately 5,400 employees were in the United States (76%), and 1,700 employees were outside of the United States (24%). Globally, 20% of our workforce is female, 22% are under 30 years old, 23% are in their 30s, 20% in their 40s, 20% in their 50s and 15% are 60 or older. Our U.S. workforce is 42% ethnically/racially diverse, 20% female, and 17% military veterans. [3] [4]

Our most recent EEO-1 data can be found on our website. AAR is an equal opportunity employer and has an equal employment opportunity policy that corporate and domestic operating units must follow.



[3] The racially/ethnically diverse category information provided represents the non-white workforce in the U.S. and includes those U.S. citizens deployed to locations outside the continental U.S. on certain government programs. Veteran and female percentages also represent the U.S. workforce, along with those U.S. citizens deployed to locations outside the continental U.S. on certain government programs.

[4] In Fiscal Year 2026, 24% of our new hires were female and 46% were ethnically/racially diverse. Of our promotions, this year, 19% of promoted employees were female, and 25% were ethnically/racially diverse.

Giving back

AAR supports the communities where we operate and where our employees live by partnering with nonprofits focused on veterans and military families, STEM education, health and well-being, and inclusion and belonging. Many of these efforts represent longstanding relationships with community organizations, reflecting AAR's commitment to sustained engagement and support. All employees are welcome to participate in any of our community events.

Below are highlights from our Fiscal Year 2026 community support and giving efforts:

- Hosted a food drive and donated food and necessities to the Bensenville Wood Dale Food Pantry in Illinois
- Supported military families and local communities through holiday giving initiatives, including Toys for Tots drives and other seasonal donation programs
- Cleaned up the industrial park where our Component MRO facility is located in Grand Prairie, Texas, through employee-volunteer efforts
- Supported the Pucallpa, Peru, community, including support of a local school kitchen renovation and sponsoring a holiday party with gifts for the students

Our Fiscal Year 2026 education, career awareness, and community outreach highlights include:

- Celebrated and hosted Oklahoma Women in Aviation and Aerospace Day in Oklahoma City, Oklahoma, to introduce attendees to career opportunities in aviation
- Sponsored and participated in the Aviation Technician Education Council Conference, reinforcing AAR's leadership in aviation education and workforce development
- Participated in Aviation Community Day at the Indianapolis International Airport, promoting aviation careers and related education pathways
- Hosted a "Tug and Tour" experience for Indiana government and economic development officials, community leaders, educators, military veterans, and recruiters to showcase aviation career pathways and educational opportunities
- Welcomed the public, employees, and families to open house and family events at multiple AAR sites

Governing with integrity



Governance commitment statement

We are committed to establishing, implementing, and maintaining an effective governance structure that is agile and responsive to business needs and evolving best practices, and sets high ethical standards.

Key impact areas:

• Risk identification, management, and mitigation • Compliance, ethics, and integrity

Overview and approach

Doing it right. Nonstop.™ is the foundation and guiding light of our approach to governance and is supported by a comprehensive governance framework that includes policies, procedures, codes of conduct, compliance training, and robust audit and compliance systems.

AAR's Board of Directors includes 11 members, 10 of whom are independent under New York Stock Exchange (NYSE) rules. Four directors have joined in the past four years as part of ongoing Board refreshment efforts. The Board regularly evaluates its composition to ensure the right mix of skills, experience, and perspectives to lead the Company in the aviation services market. The Board's average tenure is nine years, and the average age is 66. AAR strives to implement and maintain "best corporate governance practices," tailoring them, as appropriate, to fit our culture, strategy, and performance. Below is a list of our corporate governance practices:

- Lead Independent Director
- Majority voting in uncontested director elections
- Stock ownership and retention guidelines
- Annual stock grant to non-employee directors
- Clear standards for director independence
- Regular executive sessions of independent directors
- Use of an independent compensation consultant
- Annual Board and committee evaluations
- Director orientation and ongoing education
- Code of Conduct and Supplier Code of Conduct
- 24/7 anonymous ethics hotline
- Policy to manage related person transactions and avoid conflicts of interest
- Disclosure Committee for financial reporting oversight
- Annual say-on-pay vote for executive compensation
- Ongoing stockholder engagement
- Fully independent Board committees
- Enterprise risk management program
- Active Board refreshment practices

See the **2026 Proxy Statement** and the **governance section** of our website for additional background and details on our corporate governance practices.

Risk identification, management, and mitigation

Risk management is a critical area of focus and priority for our Board, executive leadership, stockholders, and other key stakeholders. The Board's risk oversight begins with a strong understanding of the Company's culture, business, and strategy. The Board oversees sustainability and other risks directly and through its Committees, supported by internal processes, controls, and an enterprise risk management (ERM) program. Our ERM and disclosure controls are designed to escalate key risks to the Audit Committee and Board as needed and to assess risks for potential disclosure. Focus areas include operational, financial, and cybersecurity risks.

As part of our ERM process, management identifies the most critical risks to the company. Risks are compiled into a heatmap, which is reviewed by senior management and the Board.

We also prioritize integrating businesses and sites that we acquire from a risk management perspective, ensuring new employees receive AAR risk policies, procedures, and training. This year, our internal audit team worked with new locations to ensure compliance with AAR's risk management practices and processes.

See our **Corporate Governance Guidelines**, **2026 Proxy Statement**, and **our website** for more information on our risk oversight and Committees.

Employees, including those at newly-acquired sites, are required to complete training when they are hired and annually thereafter. This training covers all or some of the following risk-related topics:

- AAR Code of Conduct
- Advanced Persistent Threats (APTs)
- Anti-bribery
- Anti-harassment and discrimination
- Bid and tender and anti-trust
- Data privacy
- Doing business with the federal government
- Export controls
- Generating AI fake profiles
- Import compliance
- Insider trading
- Phishing
- Security essentials
- Understanding deepfakes
- Understanding the International Traffic in Arms Regulations (ITAR)

Compliance, ethics, and integrity

Commitment to human rights

AAR is committed to policies and practices that uphold fundamental human rights as set forth in our **Code of Conduct** and **Supplier Code of Conduct**. We believe everyone who works for us or a third-party business partner should be treated fairly and respectfully. We have a zero-tolerance policy regarding trafficking in persons and forced labor and expect employees to monitor for indications of such activity, and report any suspicious activity related to AAR or any third-party business partner immediately. Employees complete annual Modern Slavery Act: Protecting Human Rights training annually, which covers steps that can be taken to protect the basic human rights of workers globally and identify potential warning signs of forced labor, child labor, debt bondage, and human trafficking. AAR International is also in compliance with Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act.

Our approach

Our Chief Ethics and Compliance Officer leads our global compliance program and fosters a culture of integrity. Recent improvements include enhanced monitoring through data analytics, updated policies, and targeted in-person training. To support our focus on enhanced monitoring, we added a resource to monitor compliance and third-party risk management across the Company.

Our global Compliance Champions Network—designated employees embedded across sites, including newly acquired sites—help promote our compliance program, serve as local resources, escalate concerns, and report issues to management.

Employees at AAR receive compliance training as part of their onboarding, including anti-harassment, Code of Conduct, and "speak up" training. Targeted in-person sessions—such as anti-corruption and trade compliance—are tailored based on location-specific risks to ensure alignment with AAR's standards and culture from day one.

Our policies

During Fiscal Year 2026, AAR implemented a new global policy management platform to strengthen policy governance, improve employee access to policies, and enhance policy lifecycle management through centralized oversight, streamlined workflows, and improved version control.

Code of Conduct: Our **Code of Conduct** (Code) outlines the ethical standards expected of employees, officers, and directors. Everyone is required to act with integrity and comply with applicable laws and regulations. The Code is reviewed annually by the Nominating and Governance Committee, which recommends any changes to the Board for approval. In Fiscal Year 2026, we updated the Code to enhance reporting and non-retaliation provisions, strengthen data privacy and information security expectations, and provide additional compliance guidance related to investigations and international trade.

Supplier Code of Conduct: Our Supplier Code of Conduct applies to our suppliers and was updated in June 2026 to strengthen AAR's expectations for supplier compliance, risk management, and oversight. Additional information regarding our Supplier Code and supplier oversight practices is provided on page 25.

Anti-Slavery and Human Trafficking Policy: Applies to our employees, sites, and suppliers.

Trade Compliance Policy: Applies to our employees and ensures that we adhere to local, national, and international trade laws.

Ethics Hotline and Non-Retaliation Policy: Employees are encouraged to report compliance concerns to their manager, the human resources department, the legal department, or through our confidential ethics hotline. Our Speaking Up and Non-Retaliation Policy ensures they can do so without fear of retaliation. The Audit Committee receives reports on hotline activity, allegations calling into question the integrity of the Company's financial books and records, and any officer-related Code violations.

Anti-corruption

AAR has zero tolerance for bribery or corruption, as outlined in our Code of Conduct, Supplier Code and Global Anti-Corruption Policy, which require directors, employees, and third parties to comply with laws such as the U.S. Foreign Corrupt Practices Act (FCPA), UK Bribery Act, and local anti-corruption regulations. We prohibit offering, giving, or accepting any bribes, kickbacks, facilitation, payments, or other improper benefits in both commercial or government-related transactions, including interactions involving state-owned or controlled airlines.

To help identify and mitigate corruption risks, AAR maintains a comprehensive compliance program that includes risk-based monitoring and auditing, due diligence, training, and ongoing oversight. Our data-driven ongoing monitoring activities focus on key risk areas such as sales in higher-risk countries, request-for-proposal (RFP) and bidding activities, government contracting, trade compliance, purchasing activities, expense reporting, vendor onboarding, and trade show and marketing expenditures. We also regularly review sales agent activities and commissions. To strengthen oversight, we use business intelligence dashboards that consolidate data from multiple sources, helping us identify trends and flag exceptions.

Each fiscal year, AAR's corporate compliance team conducts targeted anti-corruption audits at selected facilities. These audits focus on higher-risk business practices and are tailored to each location. Reviews typically include general ledger activity, vendor and customer transactions, employee onboarding, payroll, government interactions, export controls, and other high-risk areas such as marketing, donations, and licensing. This proactive approach helps ensure compliance and strengthens our global anti-corruption controls.

AAR exercises audit rights on higher-risk third parties to ensure ongoing compliance. These audits are tailored to each partner and typically assess due diligence and onboarding processes, contract compliance, expenses and reimbursements, sales and commissions, trade compliance, and regulatory adherence.

We conduct anti-corruption training for new hires and for employees annually. We also require certain third parties to complete similar training. Employees are required to take training on topics like AAR's Code of Conduct, anti-bribery, insider trading, modern slavery and human rights, conflicts of interest, trade compliance and export controls, and other ethics and compliance topics.

Data privacy and cybersecurity

Our cybersecurity strategy is guided by the National Institute of Standards and Technology (NIST) governance requirements and cybersecurity framework. This helps us identify, assess, and manage risks relevant to our business. We maintain strong policies and controls to protect operations, data, and assets, and to prevent, detect, and respond to cyber threats.

Governance and oversight

Our Chief Information Security Officer (CISO) leads our information security strategy, policies, and threat response efforts. The CISO also serves as our Data Protection Officer and reports to the Chief Digital & Technology Officer (CDTO), who reports directly to the Chairman, President and CEO.

The CISO and CDTO regularly review cybersecurity matters with members of our senior management. These discussions include the latest cybersecurity risks, emerging threats, the status of our cybersecurity incident response plan, and our overall process relating to the prevention, detection, mitigation, and remediation of cybersecurity incidents.

Governing with integrity

Our Board of Directors, through its Audit Committee, is responsible for overseeing our cybersecurity risk management. On a regular basis, the Board of Directors or Audit Committee receives and reviews reports from the CDTO and CISO relating to the status of cybersecurity planning and protections, the overall state of our cybersecurity program, emerging cybersecurity developments and threats, and our strategy to mitigate cybersecurity risks.

Risk management

We maintain a rigorous cybersecurity policy framework with annual updates to ensure alignment with evolving best practices and regulatory requirements, including Sarbanes-Oxley Act (SOX) and data privacy. Regular internal audits, control reviews, and self-assessments are conducted, with audit reviews reported to the federal government. Employees complete annual cybersecurity and AI awareness and data privacy training, and employees at newly acquired sites receive targeted training on AAR's policies and security protocols.

Our approach to cybersecurity risk management includes multiple complementary elements to mitigate our cybersecurity risks. We utilize multi-layered defenses to help prevent attacks, including the use of data analytics to help detect anomalies and search for cyber threats. We have comprehensive cyber threat detection and response capabilities with applied threat intelligence and continuous monitoring to complement other technology, processes, and threat detection techniques we have in place.

We subscribe to third-party managed security services that continuously monitor our systems and networks to assist with early cybersecurity threat detection and protection. We have adopted a cybersecurity incident response plan that provides direction and a defined approach for preparing for, identifying, and responding to cybersecurity incidents that may pose a potential threat to our information systems, networks, and data. The detailed plan defines the roles and responsibilities of our cybersecurity incident response team, which includes our information technology team, senior management, and other functional areas.

Our CISO partners with management in internal functions such as finance, legal, and internal audit in overseeing information security risks, as well as third-party consultants who perform risk-based assessments with recommendations for designing, implementing, executing, monitoring, and improving our cybersecurity risk management program and strategy, which helps ensure our programs and strategy align with our business and operational objectives. Results of third-party assessments are shared with the Audit Committee and the Board of Directors.

Collaboration and testing

We work with government, law enforcement, customers, industry, and/or supplier partners to gather and develop policies and standards and share information to address cyber threats. We conduct comprehensive information security assessments of partners before sharing or allowing the hosting of data in computing environments managed by third parties. To test our defenses, we conduct quarterly phishing simulations and semiannual third-party penetration testing to identify and remediate vulnerabilities. We also periodically conduct management exercises to test our cybersecurity response capabilities and preparedness.

Fiscal Year 2026 highlights

- Continued efforts to maintain and enhance our federal cybersecurity program, including policy updates and audit readiness activities.
- AAR maintained certification under the EU-U.S. Data Privacy Framework (DPF), administered by the U.S. Department of Commerce. This certification confirms AAR's compliance with the EU and UK data privacy and security standards, reflecting a strong commitment to robust and transparent data practices.
- Expanded the use of our governance, risk, and compliance tooling to better identify privacy risks, assign accountability, track mitigation progress, and provide data classification services.
- Security analyst resources continued to expand capacity in managing cybersecurity and data privacy risks with focus on newly acquired entities.
- Continued modernization of legacy applications and infrastructure to further reduce risk and strengthen security posture.

AAR is actively working toward achieving Cybersecurity Maturity Model Certification (CMMC), the successor to NIST 800-171 and has met the 48 Code of Federal Regulations (CFR) requirements. CMMC is a critical requirement for companies supporting U.S. Department of Defense contracts, helping ensure strong cybersecurity practices to protect sensitive government information.

Some of our policies include:

- Acceptable Use Policy
- Information Security Policy
- Access Control Policy
- Awareness and Training Policy
- Risk Management Policy
- Employee Privacy Notice
- Cyber Incident Reporting Policy
- Digital Technology & Analytics Policy
- Personal Information Protection Policy
- Employee HIPAA Privacy Policy
- Records Management and Retention Policy
- Employee Privacy Policy
- Privacy Policy for Employee Information from the European Economic Area
- Use of Artificial Intelligence / Machine Learning Systems Policy

Additional details on our risk management, strategy, and governance for cybersecurity are available in the "Cybersecurity" section in our **2026 Form 10-K**.

Artificial intelligence

AAR has policies and procedures related to artificial intelligence (AI) development, deployment, and monitoring, including the Use of AI / Machine Learning Systems Policy, which governs how AI and machine technology should be used safely with information technology resources and communications systems owned by or available at the company and operating units.

During Fiscal Year 2026, AAR strengthened its AI governance framework by updating its Use of Artificial Intelligence / Machine Learning Systems Policy, establishing a cross-functional AI Governance Committee to review and oversee AI tools and use cases, and implementing processes for AI risk assessment and monitoring. AAR also launched employee communications and targeted AI training to promote the responsible, secure, and compliant use of AI technologies.

In addition, AAR enhanced its Supplier Code of Conduct to reinforce expectations regarding the ethical use of AI and to encourage suppliers developing or using AI solutions on AAR's behalf to support the U.S. Department of Defense Ethical Artificial Intelligence Principles. Oversight of emerging technology risks, including AI, remains under the oversight of AAR's Board of Directors, with support from the Audit Committee. In September 2026, our Board approved amending the Audit Committee Charter to expressly include oversight of AI.

Supplier engagement and procurement practices

Our approach to supplier engagement and sustainable procurement practices reflects AAR's commitment to corporate integrity, safe working conditions, and ethical sourcing—core to our Doing it right. Nonstop.™ values.

Supplier relationship management

AAR values strong, ethical partnerships with suppliers as part of our commitment to Doing it right. Nonstop.™ Through our centrally managed Supplier Relationship Management (SRM) program, we review 50–100 suppliers annually and engage regularly with approximately 25 key suppliers based on performance, criticality, and strategic importance.

We also host regular supplier engagement events to strengthen collaboration and communication. These events feature an overview of AAR's business and values, along with breakout sessions for one-on-one meetings with AAR representatives.

Supplier Code of Conduct and oversight

Suppliers—including subcontractors and independent contractors—must comply with AAR's **Supplier Code of Conduct**. The Supplier Code outlines requirements related to conflict minerals, human rights, labor practices, environmental standards, and trade compliance. As part of the approval process, suppliers must review and formally acknowledge the Supplier Code.

In June 2026, we expanded the Supplier Code to strengthen requirements for suppliers to monitor subcontractors, maintain formal risk-based compliance programs, conduct human rights due diligence, provide worker grievance mechanisms, implement stronger health, safety, environmental, cybersecurity, and sanctions screening, maintain anti-corruption controls, enhance supply chain traceability, and provide sustainability-related information. To support implementation and oversight, we provide new vendors a supplier grading checklist to assess compliance with key criteria, such as adherence to child labor laws. This helps ensure suppliers meet our quality and compliance requirements.

Risk monitoring and compliance

AAR's quality assurance team continuously monitors supplier performance and risk using APRISe©, a centralized system for tracking corrective actions, safety issues, audits, and quality concerns. We also have a detailed policy and procedures manual which provides detailed guidance on how to screen and monitor suppliers, due diligence processes, a list of potential concerns at onboarding for new suppliers and a process for the ongoing monitoring of these concerns. We screen new suppliers for potential risks such as human rights violations, sanctions, and corruption. When necessary, AAR inspects or audits supplier facilities to verify compliance with our standards.

Health and safety standards

We are committed to partnering with suppliers who uphold high standards for occupational health and safety. Our Supplier Code requires safe working conditions, compliance with International Labour Organization Convention 155, and clear procedures for incident reporting, investigation, and corrective action to prevent recurrence.

Responsible procurement practices

AAR is committed to responsible procurement practices that include aligning our purchasing decisions and who we work with to our mission and core values. Highlights of procurement practice improvements over the past year include:

- Being strategic in our spending decisions wherever we can and meeting with suppliers quarterly to try to optimize spend
- Reduced inventory by shifting to a needs-based approach, lowering costs and minimizing waste
- Consolidated chemical purchasing to reduce environmental impact and disposal costs
- Partnered with a strategic supplier to manage and track personal protective equipment and consumables, reducing waste and improving accountability

As a trusted federal partner, AAR's government procurement team operates under an approved Contractor Purchasing System Review (CPSR) to ensure compliance with federal regulations. This system includes governing procedures and requires detailed compliance folders for purchases and subcontracts. We regularly review and enhance our procurement policies and practices to maintain alignment with CPSR requirements and evolving government expectations. By adhering to CPSR standards, AAR ensures parts are sourced from vetted, ethical suppliers and at the best possible value—while maintaining thorough documentation and accountability throughout the process.

In Fiscal Year 2026, approximately 4% of total procurement spend was with local suppliers located within the same state as the operations they support. The reporting boundary for local supplier spend is limited to seven operational sites where local supplier data is available.[5]

[5] *Total procurement spend data includes direct and indirect commercial spend during Fiscal Year 2026. Data for local supplier spend includes direct commercial spend and certain indirect commercial spend.*