




Doing It Right<sup>®</sup>

2021

# Environmental, Social and Governance Report



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# About this report

This 2021 ESG Report demonstrates AAR CORP.'s commitment to Doing It Right®. Engagement with our stakeholders in recent years increasingly has emphasized not only the importance of embedding a sustainability mindset into our business and culture but also the need for enhanced transparency about our current environmental, social and governance (ESG) focus areas and related evolving strategies. This inaugural report provides insight into how our business and values have guided our ESG practices and actions in the areas where we believe we can make the most meaningful impact.



This report highlights the ESG activities of AAR CORP. and its consolidated subsidiaries (AAR) over Fiscal Years (FY) 2021 and 2020. Included data is current as of May 31, 2021 or FY 2021 (June 1, 2020 through May 31, 2021), unless otherwise indicated. Our current expectation is to issue an ESG report annually.



Disclosures in this report reference the latest Global Reporting Initiative (GRI) Standards. GRI provides a globally recognized framework for companies to measure and communicate their environmental, economic, social and governance performance. This report is also prepared using the framework of the Sustainability Accounting Standards Board (SASB), following the guidance for the Aerospace & Defense industry. References to specific GRI and SASB Standards are outlined in the attached GRI and SASB index. Beyond reporting on performance indicators in line with GRI and SASB Standards, this report references additional indicators important to our broad range of stakeholders.



AAR management is responsible for the preparation and integrity of the information reported as of May 31, 2021, and for FY 2020 and FY 2021. We did not seek or obtain external assurance from third parties with respect to most of the information in this report. Exceptions are noted.

**Note about environmental data:** The current reporting boundary for our Energy and Emissions data consists of our MRO and manufacturing facilities in the United States and Canada, as well as our corporate headquarters. We believe these sites have the most significant impact on our footprint. Data is excluded from sites with less than 10 individuals or where we may have a significant presence, but no control of the operations. For example, we have excluded the locations where we engage in work contracted by government agencies, but where financial control is maintained by these agencies.

Many of the photos used in this report were taken prior to the COVID-19 pandemic and may not reflect related social distancing guidelines, including the wearing of masks. For questions about our report, contact [editor@aarcorp.com](mailto:editor@aarcorp.com).

# Letter from our President and Chief Executive Officer

On behalf of AAR, I am pleased to share our inaugural ESG report.

For over 65 years, we have been committed to the well-being of our employees, our customers and our communities. Our inspiration to make a positive difference is ongoing. While we have been engaged in ESG-related activities for years, this marks the first time we have consolidated and communicated our actions comprehensively in a single report. As we continue on this journey of Doing It Right®, we are guided by our purpose and our values, reflecting on our impact on the world and contemplating how we can make meaningful changes moving forward.

Sustainability is not a new concept to us. AAR's journey began with repairing radio parts and we have evolved into a global provider of equipment and services for the aviation industry. By repairing and supplying aircraft parts via our PAARTS<sup>SM</sup> Store and providing MRO services to a wide range of government and commercial customers, we are helping to prevent and reduce waste by prolonging the life of aircraft and parts. As a first step toward addressing the environmental impact of our operations, we began developing our baseline inventory of environmental data this year.

AAR emphasizes the importance of social empathy and taking care of our approximately 4,700 employees. We provide continued training and professional development opportunities. We also are helping to fill the expected airline technician gap by partnering with colleges and high schools through STEM collaboration and our EAGLE Career Pathways program, equipping the next generation of skilled workers with the tools to succeed. We take care of our veterans and collaborate with nonprofits such as VIPER Transitions and the Working Heroes Program to ensure that veterans interested in aviation have access to opportunities to succeed.

We are proud to have a diverse Board and workforce. We are making continued efforts to hire more women, veterans, and individuals from underrepresented groups. We onboarded our first all-female cohort of aircraft maintenance technicians at our Miami MRO services facility in March 2021.

We also continue to support important causes in our communities by making charitable donations and organizing fundraisers and events. We were honored to host the FestiVoix music concert in our MRO hangar in Trois Rivières, Québec, Canada for essential healthcare workers earlier this year.



As we continue on this journey of Doing It Right®, we are guided by our purpose and our values, reflecting on our impact on the world and contemplating how we can make meaningful changes moving forward.”

**John M. Holmes**

President and Chief Executive Officer

Inspiring trust by operating ethically is the foundation of our business. Quality and safety are our top priorities, and we maintain a robust Code of Conduct that includes our key policies and practices. An effective governance structure and ongoing assessment of best governance practices support our goals.

For over

# 65 years,

we have been committed to the well-being of our employees, our customers and our communities.








For this first report, we have looked to known ESG reporting frameworks for guidance. We believe this is critical to holding ourselves accountable and demonstrating transparency around our commitments. As we continue to develop more company-wide strategies and initiatives, we are interested in the perspectives of our stakeholders and look forward to engaging more on ESG topics to understand their priorities and share our progress.

I would like to thank our customers for their partnership, our stockholders for their confidence in AAR, and our Board of Directors for their guidance. I specifically wish to extend my gratitude to our employees for their continued dedication, especially during this time of uncertainty, to maintaining the highest level of service and commitment to our customers around the world.

We look forward to continue Doing It Right® going forward, together.

**John M. Holmes**  
President and Chief Executive Officer

## Notable recent ESG highlights, which you can read more about in this report:

-  Developed baseline inventory of key environmental data **17**
-  Launched AAR Public Diversity Statement **21**
-  Hired first all-female cohort **23**
-  Recognized by Smithsonian for \$500,000 donation **27**
-  Adopted “Rooney rule” for Board candidates **33**
-  Formed Board’s new Aviation Safety and Training Committee **40**
-  Set standard for safety with APRISe™ safety management system **41**

# About AAR CORP.

AAR is an independent provider of aviation services to commercial and government customers in over 100 countries. Founded over 65 years ago to repair equipment rather than discard it, we are proud to provide sustainable and efficient solutions to commercial airlines, the U.S. government and its allies.

We provide aftermarket expertise and award-winning Market Solutions, including Maintenance, Repair and Overhaul (MRO) Services, Parts Supply, Integrated Solutions and Mobility Systems, which can be integrated or leveraged separately to help our customers increase efficiency and reduce costs and waste.

Our commitment to Doing It Right® by our customers, employees, communities and the planet positively impacts the aviation ecosystem.



Our services support commercial, cargo and government operators around the globe.



## Parts Supply

AAR's Parts Supply offers a vast inventory of new and serviceable, overhauled and repairable airframe and engine parts for most commercial aircraft types and many military platforms.

- Serviceable and OEM factory-new parts
- Airframe and engine parts sale, exchange, loan and leasing
- Engine solutions, management, sales, leasing and exchange
- Aircraft sales and leasing
- Online PAARTS<sup>SM</sup> store offering over 1.6 million parts
- OEM Solutions for commercial and government
- 24/7 worldwide AOG service



## MRO Services

As the largest independent MRO services provider in North America, our service offerings include:

- Airframe
- Landing Gear
- Component Repair
- Wheels and Brakes
- Engineering Services



## Integrated Solutions

With our Integrated Solutions, we help the world's airlines and governments maximize aircraft uptime, minimize downtime and reduce costs.

- Commercial
  - Total fleet services
  - Flight-hour support
  - Consumables and Expendables aggregator
- Government
  - Contractor Logistics Support (CLS)
  - Performance-Based Logistics (PBL)
  - Third-Party Logistics (3PL)

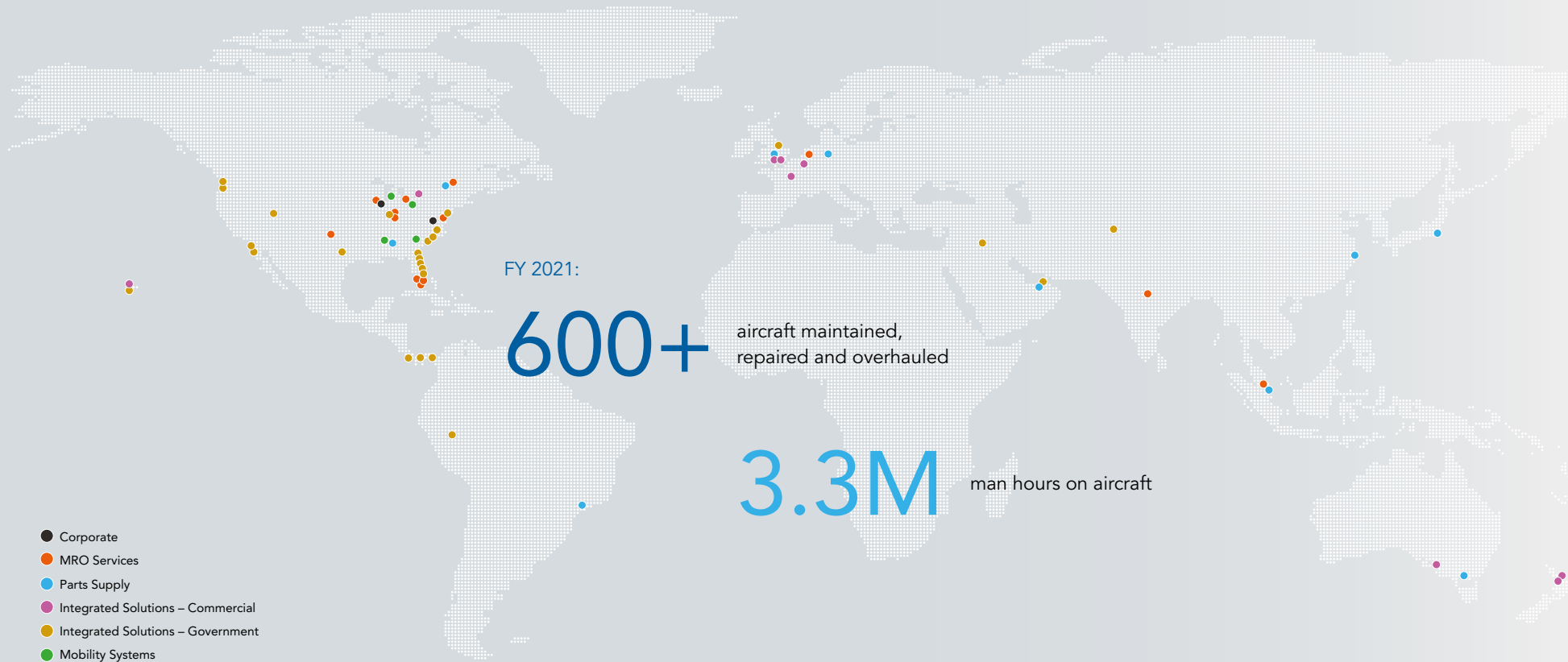


## Mobility Systems

Our Mobility Systems, as part of our Expeditionary Services, delivers specialized mission-tailored configurations, custom integration and modification, mobile shelter systems re-fit, and life-cycle support for governments, militaries, and nonprofit organizations worldwide. It also produces pallets for the movement of products for the military.

- Air cargo containers (ISU<sup>®</sup>) and pallets
- Rapidly deployable mobile tactical shelters
- SPACEMAX<sup>®</sup> shelters
- Integrated Command Control (C4) centers

AAR operates at 60 locations serving customers in 100+ countries and employs approximately 4,700 people in over 20 countries.



Commercial

49%

- Contracts with over 130 commercial airlines
- Strong focus on narrow-body aircraft and international operators
- Long-term customers include Air Canada, Alaska Airlines, Delta Air Lines, Southwest Airlines and United Airlines

Government

51%

- Prime contractor to the U.S. Air Force, U.S. Navy, U.S. Army, U.S. Marine Corps, U.S. Marshals Service and U.S. Department of State (DOS), and four new foreign government partnerships
- DOS Worldwide Aviation Support Services (WASS) program sites in Asia, Central and South America, the Middle East and the United States
- 29 government fleet types
- \$4 billion in government assets managed



We are honored to have received several awards in the past few years, including the following:



Aviation Week Top 10 Airframe MROs, 2019



Best Airframe MRO Provider – Worldwide, 2015



Bloomberg Top 200 Federal Industry Leaders, 2016-2020



Boeing Performance Excellence Awards, 2016



Defense News Top 100 Defense Contractors, 2009-2021



FAA Diamond, 2020\*



Forbes America's Best Midsize Employers, 2018, 2019 & 2021



Fortune 1000 2020-2021



Military Friendly Employer, 2021



Military Times Best for Vets Employers, 2020



NSPA #1 Outstanding Source of Repair, 2019



Top Shop 2019 Wheel and Brake & Landing Gear Services\*



Top 100 Aerospace & Defense Companies 2021



U.S. Veterans Magazine Top Veteran-Friendly Companies, 2020 & 2021

\* For the following facilities: Landing Gear Miami, Component Repair New York, MRO Miami, MRO Indianapolis and MRO Oklahoma City

# Doing It Right® to better connect the world



## Our purpose and our values

As a startup back in 1955, we were supplying parts to the aviation industry, efficiently moving inventory and setting in motion our participation in America's great technology boom. Today, as we continue to expand, our values, purpose-driven model and a culture of integrity help provide safe, efficient and sustainable solutions for the aviation industry so they can do what they do best – fly and connect the world.

From Chicago to London to Singapore to Dubai, we are Doing It Right®, even when it's not always the easiest course of action. We act knowing that the critical work we perform impacts the safety of commercial and military aircraft, and their passengers and cargo each year, across the globe.

## Our values

 <b>QUALITY FIRST. SAFETY ALWAYS.</b>	 <b>FIND A WAY. EVERY DAY.</b>	 <b>DO IT FAST. DO IT WELL.</b>	 <b>BE HONEST. INSPIRE TRUST.</b>
 <b>WORK AS ONE. BE INCLUSIVE.</b>	 <b>IDEAS MATTER. THINK NEW. THINK AHEAD.</b>	 <b>MAKE MONEY. HAVE FUN.</b>	 <b>OWN IT.</b>

## Our approach to ESG

Although this 2021 ESG report is our first time publicly sharing our environmental, social and governance (ESG) practices in a consolidated report, we have focused on Doing It Right® to connect and make a positive impact on the world every day. With long-standing values that prioritize quality and safety, inclusion, creative thinking and integrity, our commitment to ESG principles is embedded in our culture.

### ESG oversight and governance

Our focus on ESG matters is embedded in our strategy, which is overseen by our Board of Directors. The Board's standing committees oversee our ESG focus areas based on the delegated subject matter: the Aviation Safety and Training Committee (ASTC) oversees all aspects of aviation safety, including our culture of safety compliance; the Nominating and Governance Committee (NGC) oversees our governance policies and practices and the Audit Committee receives reports related to our ethics hotline and oversees AAR's cybersecurity planning and protections efforts. Our ESG report is reviewed by the NGC on behalf of the Board.

At the management level, we have assembled a multidisciplinary team of senior leaders representing legal, communications, human resources, and environmental, health and safety. This group, with input and guidance from senior business leaders, assess risks and opportunities related to our ESG focus areas, monitor and implement our ESG strategies, track our progress and guide our reporting to stakeholders.

### Our manufacturing activities

We are generally engaged in only limited manufacturing activities – primarily restricted to our Mobility Systems business, comprising approximately 5% of our sales. Accordingly, at this time, our ESG focus areas may not include impacts typically reported by manufacturing companies.

## Our ESG focus areas

Our ESG focus areas are long-standing AAR priorities that align with our business and our values and are also areas where we believe that we have the greatest opportunity to make a meaningful impact.

In our product and service offerings, as well as in our facilities, we diligently seek ways to become more efficient, including by preventing waste and limiting our use of natural capital, benefiting not just our bottom line but our planet. We also strive to positively impact the economic and social well-being of our employees and to make valuable contributions to the communities where we live and work. Supporting all of our ESG initiatives is a sound corporate governance framework and our company-wide commitment to operating with integrity and honesty.

As we continue to evaluate our ESG impacts and develop our ESG strategies, we consider the perspectives of our many stakeholders. Through ongoing engagement, we expect to increasingly discuss ESG priorities and seek feedback on our focus areas. *For more information, see Stakeholder engagement on page 35.*

AAR's membership in industry and other associations provides additional channels for communication, collaboration and advocacy. *See Appendix for a list of AAR's membership of associations.*

## ESG focus areas



### Environment

Protecting the planet



Waste prevention and reduction



### Social

Empowering people



Diversity and inclusion



Military and veteran programs



STEM and aviation-focused education



### Governance

Governing with Integrity



Ethics and compliance



Safety

# Environment





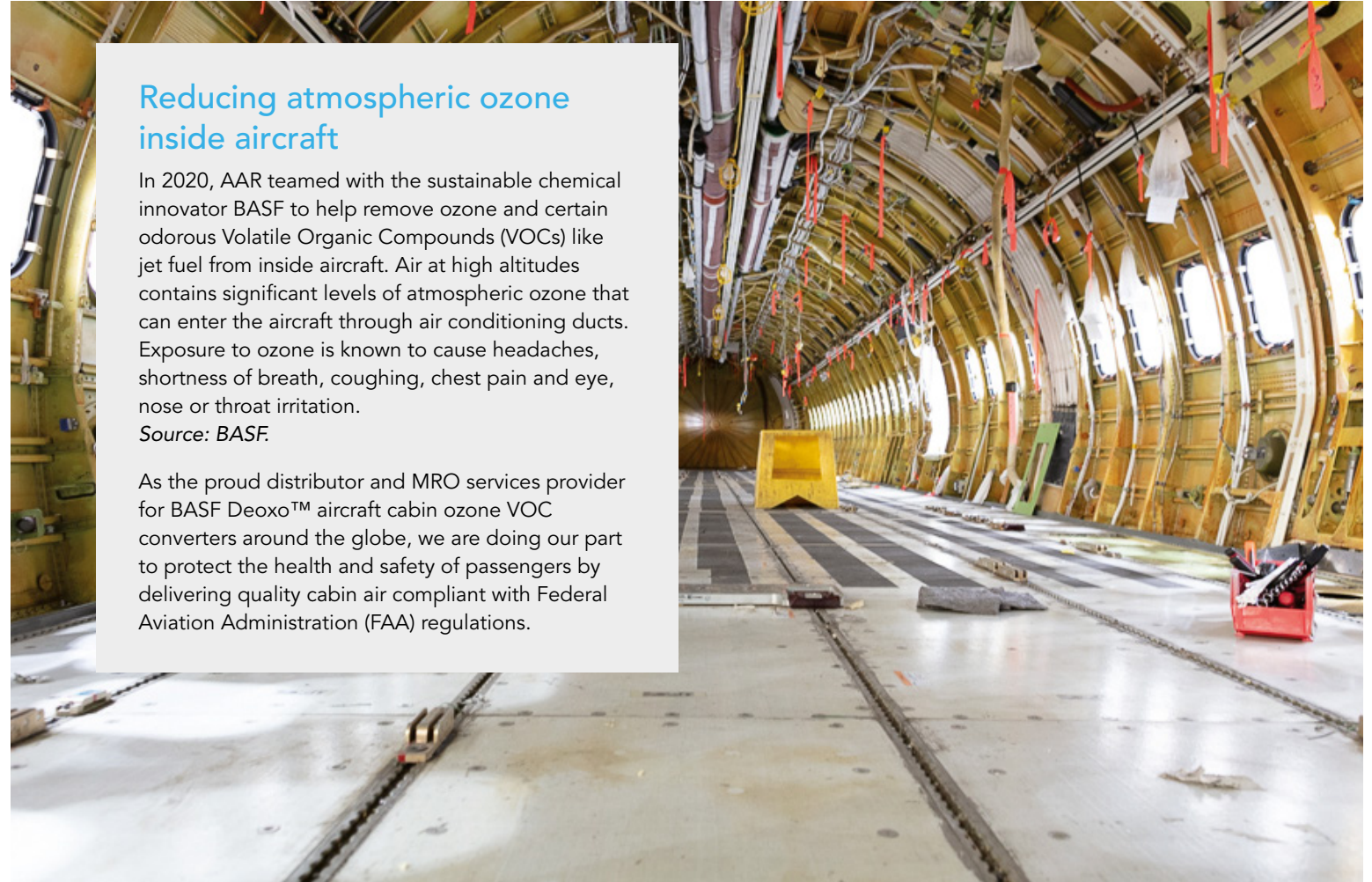
## Protecting the planet: Ideas matter. Think new. Think ahead.

As AAR’s global presence grows, so does our sense of responsibility to protect the environment and the people of the world. We are committed to understanding our environmental impacts – both positive and negative – and evolving our ESG strategies to further reduce our ecological footprint.

## Our environmental impacts and initiatives

We are proud of our role in the aviation ecosystem, in which we help prevent and reduce waste by prolonging the life of aircraft and parts. We also have taken proactive steps to manage and minimize waste in our operations, including the proper disposal and treatment of hazardous waste.

Our other environmental projects have been largely decentralized and managed locally at each of our facilities. We recently engaged an independent third-party consultant to assist with environmental data collection and management.



### Reducing atmospheric ozone inside aircraft

In 2020, AAR teamed with the sustainable chemical innovator BASF to help remove ozone and certain odorous Volatile Organic Compounds (VOCs) like jet fuel from inside aircraft. Air at high altitudes contains significant levels of atmospheric ozone that can enter the aircraft through air conditioning ducts. Exposure to ozone is known to cause headaches, shortness of breath, coughing, chest pain and eye, nose or throat irritation.

*Source: BASF.*

As the proud distributor and MRO services provider for BASF Deoxo™ aircraft cabin ozone VOC converters around the globe, we are doing our part to protect the health and safety of passengers by delivering quality cabin air compliant with Federal Aviation Administration (FAA) regulations.



## Waste prevention and reduction

At the core of our business is the responsible use of resources within the aviation industry. We repair aircraft and equipment, extending not only the lifespan of airplanes but the useful life of their parts. We believe our business model is intrinsically linked to preventing and reducing waste within the aviation industry.

As the largest independent MRO provider in North America, we repair, rebuild and refurbish all aspects of an aircraft as needed for our global customer base. Our Parts Supply business, which maintains one of the industry's largest inventories of serviceable, overhauled and repairable airframe parts, focuses on extracting as much value as possible from the parts it acquires with the intent to refurbish, recertify and resell. Of the approximately 1.6 million parts available in the PAARTS<sup>SM</sup> Store, approximately 59% are used serviceable material (USM) parts.

Our Parts Supply business acquires used parts from various sources, including airlines, leasing companies and other financial institutions. We often purchase whole aircraft and engines for purposes of disassembly and part-out. AAR outsources teardowns to third-party contractors (typically members of the American Fleet Recycling Association) and provides a pull list for parts based on the specific airframe or engine. Our goal is to remove, repair and reuse or resell as much of a teardown as possible. If we cannot reuse or resell to our global customer base, then material may be recycled or sent for proper disposal. Instead of going to landfills, some materials can be turned into other usable items. We also sometimes donate parts and materials to be used as furniture, art or for educational materials.



Our purpose and business strategy align with, and contribute to, global initiatives to substantially reduce waste generation, including the United Nations Sustainability Development Goals – Goal 12.

AAR's business model centers around repairing equipment rather than discarding it. Whether through maintenance and repair of aircraft or extracting and refurbishing parts, our businesses support sustainable consumption and production of aircraft and equipment, substantially preventing and decreasing waste – and also reducing the aviation industry's global footprint.

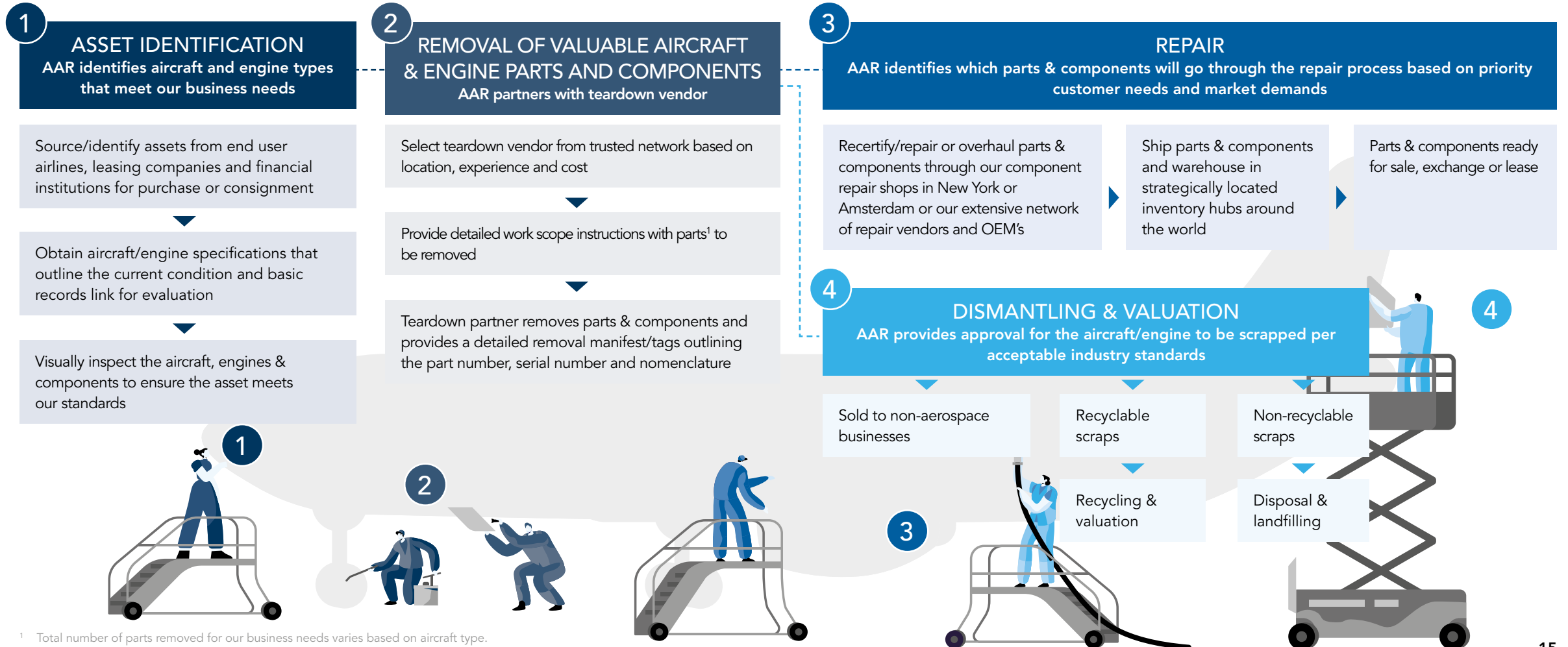


Donation of parts to Museum of Science & Industry Chicago, IL (2021)

# AAR aircraft and engine teardown

In connection with an aircraft teardown, 92% (average) of the weight content of an aircraft's weight is reused or recycled.

Source: Tarmac Autosave (2021 website)





## Sustaining the life of aircraft engines

At AAR, Doing It Right® means positively impacting the aviation ecosystem and supporting the sustainability practices of our commercial airline and government customers worldwide. We continually enhance our capabilities to support innovative technologies that minimize our industry's impact on the planet and promote quality and safety.

For example, in 2019, as part of our strategy to sustain the life of engines, we were awarded a seven-year contract with the Danish Defense Acquisition and Logistics Organisation (DALO). The contract involves maintenance, repair and overhaul of Pratt & Whitney F100-220 engine components on the General Dynamics F-16 so they can continue serving the Royal Danish Air Force (RDAF) for years to come.

In addition, as part of our efforts to minimize waste, certain of our facilities have implemented comprehensive waste minimization plans. These plans focus on recycling more materials whenever possible, including used oils, off-spec fuels and other hydrocarbons, as well as cardboard. We are also focused on complying with evolving waste handling regulations and requirements, including with respect to chemicals. The treatment and disposal of hazardous waste is a critical component of our environmental compliance.



## Environmental data collection and management

In March 2021, with the assistance of an independent third-party consultant, we began working towards the development of an inventory of our environmental impacts. In doing so, we have adopted the operational control method to determine how to represent our footprint most accurately and where we can actively manage our impact.

### Energy

We consume electricity and fuel across our global operations. As we progress with our ESG program, efforts are underway to assess energy consumption and opportunities to reduce energy consumption across significant sites within our operational control.

AAR consumes fuel from natural gas for heating. Other sources include propane for forklifts, gasoline for vehicles, and diesel for back-up generation. We have prioritized the collection and disclosure of natural gas consumption and will assess these additional fuel sources, including jet fuel, for future reporting.

The process of regularly tracking and monitoring utility-based data is being put into practice now and we expect to improve the overall process in years to come. When we identified gaps in our energy data, we used estimates based on standard energy inventory preparation practices and past performance. We do not believe these estimates materially impact the overall footprint of the reported sites.

The table to the right summarizes our natural gas and electricity use for FY 2020 and FY 2021. As we improve our data collection efforts, we will look to restate past performance upon any significant discrepancies in reported performance. From there, we should be able to further assess trends and set reductions targets from solid baselines.

### Emissions

We have developed an initial baseline of our greenhouse gas emissions footprint based on the energy consumption across our significant sites set forth in the table to the right. Our Scope 1 footprint stems from the combustion of natural gas and Scope 2 from our electricity consumption. We observed a decrease in our Scope 2 emissions driven by reduced electricity consumption and an increase in renewable energy sources from utility providers. As we assess our reporting boundary, energy sources and energy mix, we will continue to evolve our emissions reporting framework.

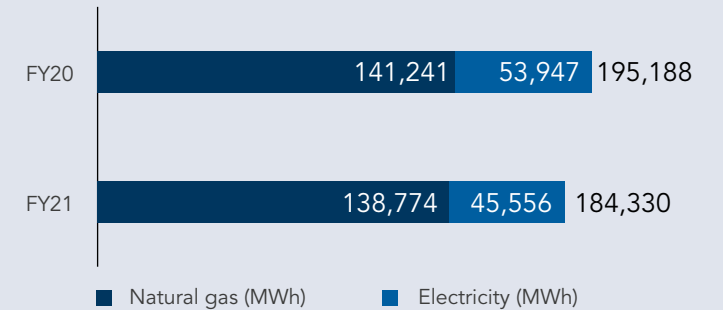
### Water

AAR uses water for various purposes, including for cleaning in our offices and cooling in our operations. We have identified water as a potential impact area and are evaluating quantifying our footprint to determine its significance for disclosure. We are currently evaluating systems and processes to consistently report our consumption volumes across sites, relative to the potential impact.

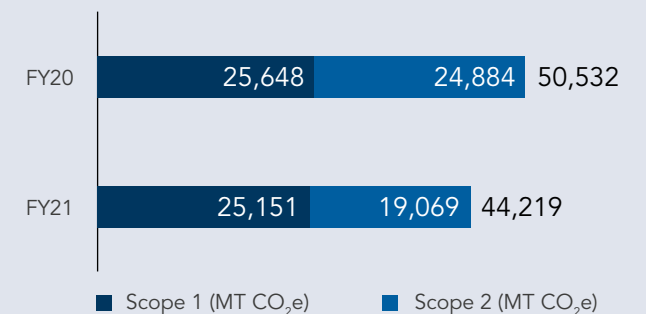
### Waste

Fuel, components and equipment are recycled, re-purposed and/or sold to third parties for reuse when possible and in alignment with our strategy. As we advance our ESG program, AAR will consider the inclusion of diverted and landfilled waste for public disclosure. We are currently evaluating systems and processes to consistently report our consumption volumes across sites, relative to the potential impact.

### Energy use reduction



### Emissions reduction



## Facilities highlights

In recent years, we have focused on using energy more efficiently and are working to convert to LED lighting at our facilities. We also continue to identify and evaluate opportunities to create a cleaner, safer workplace, and to adopt sustainable practices to reduce our environmental impact. Recent actions include:

### ELECTRICITY



#### Amsterdam

Decreased electricity usage by 40,000 kilowatt hours in 2017 and 2018.

Installed automatic switch-off of lighting in several areas.

#### Cadillac, Michigan

Installed LED lighting in several areas.

#### Garden City, New York

Installed LED lighting throughout the facility in the past five years.

#### Miami, Florida

Installed LED lighting in several areas.

#### Oklahoma City, Oklahoma

Installed LED lighting in several areas.

#### Wood Dale, Illinois

In process of upgrading to LED lighting in our 100,000 square foot office space, where possible.

### WATER



#### Cadillac, Michigan

Installed a chiller at one of its facilities that recirculates chilled water to cool presses as opposed to using city water from a well field that was released to the sewer, resulting in savings on water and sewer usage.

#### Miami, Florida

Airplanes are washed with recycled water.

Wastewater from our aircraft wash is treated to reduce metals before discharge to the sanitary sewer.

### WASTE



#### Garden City, New York

Installed new plastic media blast cabinet with an advanced filter recovery system that allows 99% recycling of media and minimizes waste.

#### Oklahoma City, Oklahoma

Continued focus on reduction of classified waste.

Dispose of waste oils and off-spec fuels from the aircraft with waste disposal services that recycle.

#### Trois-Rivières Quebec

Recycle battery and fluorescent tubes via a governmental program and disposes of used and expired hazardous products (Alodine, alumiprep, paint, oil...) through a recycling supplier.

#### Windsor, Ontario

Partnered with Safety Kleen to remove waste chemicals safely.

### AIR



#### Rockford, Illinois

Installed five ION generators in two HVAC units to provide ionized air to the main and support office area, and to airplanes when under maintenance.

# Social





## Empowering people: Work as one. Be inclusive.

At AAR, we collaborate as a team, we encourage diverse perspectives and we work to partner with those making a difference. We support talent and diversity in the aviation maintenance workforce. Our investment in our communities via education through our STEM and EAGLE Career Pathway Program helps launch the careers of many aspiring young individuals in the aviation industry. Although some of the social programs described in this report have been temporarily impacted by the COVID-19 pandemic, we remain committed to making a positive impact on people across our value chain.

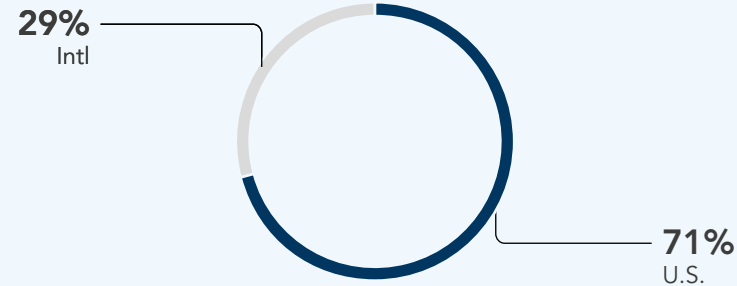
Doing it Right® means treating people fairly and respectfully. For more information about our policies intended to protect people across our organization, our partners and our suppliers, see Culture of ethics and compliance on page 36.

## Supporting our employees

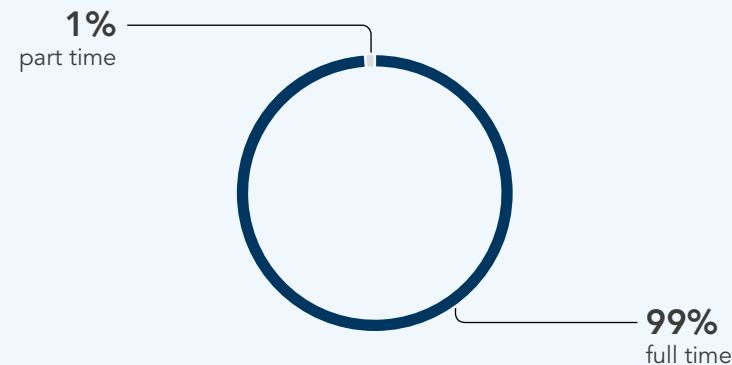
We continually invest in making AAR a great place to work, and are committed to creating an enriching environment for our approximately 4,700 employees.

### Workforce overview\*

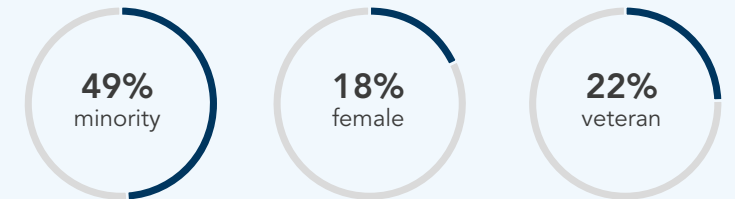
#### Location



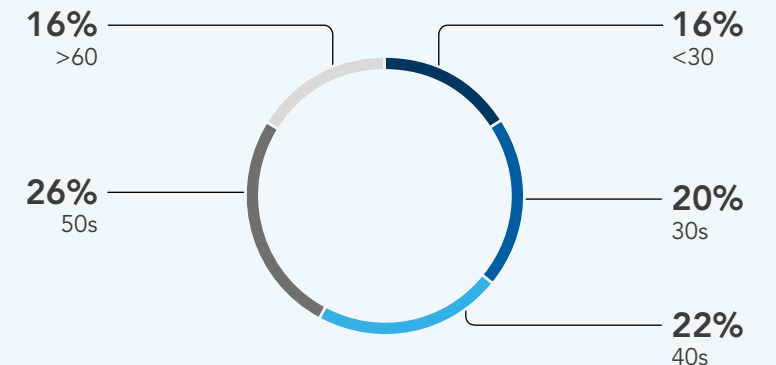
#### Employment status (United States)



#### Diversity (United States)



#### Age (United States)



\* Information as of May 2021. Minority information represents non-Caucasian workforce. Percentage of global workforce is 18% female as well.



## Diversity and inclusion

### Public Diversity Statement

As reflected in our values, we have a long-standing commitment to embracing diversity and fostering a culture of inclusion. In July 2021, we adopted and published the following Public Diversity Statement:

*Just as unique parts are essential to an aircraft's ability to fly, unique talent is essential to AAR's ability to succeed. Our strength is rooted in our commitment to diversity, equity and inclusion. We create opportunity through new thoughts and ideas to embrace an ever-changing world. These values empower our people to be a team of producers, innovators and world class leaders, who are "Doing it right" to better connect the world.*

This statement was developed by a group of employees selected from throughout the business, reflecting the varied perspectives, experiences and priorities of our workforce.

### Commitment to inclusion

At AAR, facilitating an inclusive culture means everyone feels welcome and appreciated.

In 2015, a women-focused Employee Resource Group (ERG) was formed, dedicated to elevating the careers of women at AAR. The group, now called Ascend, provides opportunities for members to expand their professional networks, gain leadership skills and develop skills to advance professionally.

In 2021, we formed VRG, our veteran-focused ERG for employees coming from the military community. Members include veterans, employees with military connections, those serving in the

Guard/Reserve and those who support veterans. The primary goals of VRG are to foster the continued growth of a military/veteran-friendly environment at AAR and enhance recruitment, training and retention of veterans. VRG conducts special events, activities, training and seminars.

Each of these ERGs are led by an executive sponsor and create a sense of belonging, contribute to retention, offer mentorship opportunities and sponsor events. We currently have plans to launch ERGs to support our Black, Latinx, Asian and LGBTQ+ employees, to provide a platform and a safe space for our employee population that is often under-represented.

We are also focused on increasing diversity as part of our hiring practices.

### Diversity and inclusion education

In 2021, we also rolled out additional diversity and inclusion education. AAR has engaged an outside expert to conduct more than 40 leadership sessions and 150 workshops for employees from May to October 2021.

#### Leadership sessions

- Diversity and Inclusion and the role of the leader
- Communication styles, dialog and team success
- Unconscious bias and the impact on performance
- Micro-messaging and microaggressions
- Active listening, empathy and leadership
- Advocacy

#### Individual contributor sessions

- Diversity and Inclusion overview
- Unconscious bias
- Micro-messaging and microaggressions



AAR's Veterans Resource Group (VRG) is a community committed to a shared, common purpose: creating unique opportunities while providing support for our Veteran employees. Not only is it a safe space for vets to share stories and experiences, it's also a place where everyone can learn and grow together."

**David Tillich**

Manager, Strategic Supplier Management



Ascend, AAR's Women's Business Resource Group, has been a tremendous resource in terms of networking and professional development. Open to all employees, it provides an additional space to work with inspirational women who are committed to the empowerment, professional, and personal growth of one another."

**Meredith Fabian**

Senior Manager, Contracts – Government Program Management

## Recruitment and retention

### Training and direct hire programs

At AAR, we invest in the future of the aviation industry by actively helping to develop a skilled workforce through programs focused on veterans, high school graduates and individuals transitioning from the military, and providing opportunities to work for us. Some of our programs include:

#### Embry-Riddle SkillBridge program

One of our main goals is to build a bridge between skilled military veterans and successful careers in the aviation industry. As part of our partnership with Embry-Riddle Aeronautical University (ERAU), we have partnered on a SkillBridge program. The intensive nine-week program trains veterans, transitioning military and eligible military spouses in aviation maintenance. Graduates receive an 18-credit hour Aviation Maintenance Certificate, a Boeing 737NG General Familiarization certificate and one guaranteed interview with industry partners, including AAR. We have hired 11 graduates of the SkillBridge program since the program launched in 2019. Although COVID-19 temporarily slowed the progress of this program, we look forward to building on the momentum and success of the SkillBridge program in the years to come.

#### AAPA ACCElerate! Apprenticeships program

In March 2021, AAR signed a Memorandum of Understanding (MOU) with the American Association of Port Authorities (AAPA) ACCElerate! Apprenticeships program. The goal of this specialized program is to provide competency-based curriculums, on-the-job training, program development assistance and incentive funding to expand apprenticeship opportunities for careers within the transportation and maritime industries.

#### Direct Hire Aviation Maintenance Education program

AAR initiated a direct hire program for high school graduates in Indiana's Decatur Township to help students gain real-world job experience to fill the gaps in aviation for middle skills that do not require a bachelor's degree.

Modeled after our successful EAGLE Career Pathways Program, the Direct Hire Aviation Maintenance Education program allows students to train for an entry-level position as a Material Handler and transition into an apprentice-level aircraft maintenance technician. Certification can be acquired through Vincennes University or by working a minimum of 18 months as an AAR aircraft maintenance technician.



After serving 4 years in the United States Marine Corps, I decided to pursue a career in aviation. The Embry-Riddle SkillBridge Program allotted the opportunity to become an aviation maintenance technician with AAR. I have been with the AAR family since September 2020 and feel the program has prepared me well for my future endeavors."

#### Tracer Hickman

Technician III, A&P



After serving 4 years in the United States, Navy I decided to enter the Embry-Riddle SkillBridge program to help transition my experience into a career in the aviation industry. I've now been at AAR since April 2021 and feel the program has trained me well for my current role as a support technician."

#### Mariah Passman

Technician III, A&P

## Focus on diverse hiring

AAR is an equal opportunity employer and recognizes the value of a diverse workforce. Although we are proud of our workforce diversity, we acknowledge that we still have work to do. We are continually seeking out new ways to broaden our exposure to underrepresented groups in the aviation industry and to develop a diverse talent pipeline.

In August 2020, we partnered with the nonprofit Corporation for Skilled Workforce (CSW) to diversify the talent pool of aviation maintenance technicians (AMT) through a program funded by a Lumina Foundation grant. As part of this collaboration, AAR and CSW engage community colleges and technical training providers in various locations to develop competency-based programs, curricula and stackable credentials that meet FAA Airframe and Powerplant (A&P) requirements.

In 2020, we focused on building partnerships with Historically Black Colleges and Universities (HBCUs) to create a talent pipeline for future employment. In particular, we established a relationship with the North Carolina A&T State University to help students become better at their professional job search by reviewing resumes, providing LinkedIn workshops and conducting mock interview challenges.

In March 2021, we hired our first all-female cohort of aircraft maintenance technicians that were first mentored and developed through our partnership with CSW. Half of the cohort were hired from the Aviation Institute of Maintenance, one of our EAGLE Career Pathway Program partners, and the other half from traditional workforce recruiting channels.

See pages 22 and 26 for information on veterans hiring initiatives.



First all-female cohort of AMTs at AAR



## Employee benefits

To recruit, retain and support the well-being of our associates, we provide a competitive and comprehensive benefits program.

Our “total rewards” approach to compensation and benefits varies by position, location and business. We typically offer traditional benefits, such as medical, dental, vision, disability and life, and accidental death and dismemberment insurance, and also may include:

- 401(k) plan
- Education assistance (full-time only)
- Employee assistance program
- Online recognition system
- Employee wellness opportunities
- Company discounts
- Legal assistance

### Parental leave and related benefits

Our Dependent Care Policy provides all U.S. employees, following the birth or adoption of a child, the opportunity to take up to 14 weeks of leave, which includes FMLA (Family Medical Leave Act) time plus an additional two weeks. Parents may also request flexible work hours upon returning from leave for the birth or adoption of a child. We provide mothers’ rooms in our facilities.

We also offer adoption benefits, including \$3,000 per adopted child for full-time employees.

## Training and development

We believe developing leaders that promote our values and providing opportunities for career growth are intrinsically related to workforce retention and engagement. Accordingly, AAR invests in creating a culture that encourages and supports employee talent development.

In 2018, AAR created the role of Director of Talent Management to focus on training our employees, specifically on leadership development, people skills and manager skills. We hired three new Leadership Development Trainers between 2019-2021 and participants in our leadership programs can take courses such as Introduction to Leadership, Leadership 101 and Leadership 102, which includes the Crucial Conversations curriculum from VitalSmarts.

Other leadership development opportunities include:

- Mentorship – Our mentorship program provides a mentor to any employee requesting to participate in the program, and mentor-mentees are encouraged to meet monthly.
- Manager Leadership Academy – We’ve developed a training program with a menu of courses for managers or those looking to become managers.
- Bell Leadership Institute’s Achievers™ program – Each year, we identify around 30 high potential employees to enroll in this customized program, which helps employees gain a deep understanding of their strengths, weaknesses and motivations.

We believe our performance review process is a valuable tool for employee development. Our robust process occurs three times a year for most employees: an annual review and two check-ins. We aim to identify key talent and high-performing individuals, and also develop individual development plans.

We also are committed to providing all of our employees with learning opportunities through on-the-job training, quarterly “lunch and learn” events, tuition reimbursement (up to \$10,000 a year) and priority application opportunities for all open jobs.



In FY 2021, we held management training classes focused on soft skills development, management training, leadership development and career development.



I have worked at AAR for five years, entering at the manager level. Through our Talent Management program, I’ve taken advantage of a 360-review and multiple development courses like the DDI Leadership Series, where I honed my leadership skills which prepared me for my current role as a director. I am grateful to work for a company that recognizes the importance and provides development opportunities for its employees.”

**Karla Hein**

AAR Marketing and Communications Director

## Employee engagement

We continually seek out ways to engage employees, recognize achievements and cultivate a sense of team. We also periodically conduct engagement surveys to seek feedback on how to make AAR a better place to work.

Our CEO regularly hosts company-wide “town hall” meetings to answer questions directly from employees, which can be submitted anonymously. We also hold quarterly “Coffee with the Leaders” opportunities for employees at all levels to engage with senior leaders.

Business leaders can nominate employees who have gone above and beyond for our customers, or come up with a new way of doing things, for our annual Employee Recognition Award called Doing It Right®. Five finalists are invited to attend the special town hall meeting where they meet with the CEO, and share their stories and receive a monetary reward. The over-all winner also receives a travel gift certificate.

Through our “Ideas Matter” program, we encourage employees to submit their ideas for improving AAR. We reward revenue-generating and cost-saving submissions that we implement.

### New scholarship opportunity for children of employees

At a town hall meeting, we received a suggestion to create a college scholarship for children of our employees. AAR thought this was a great idea and, in March 2021, we launched a new scholarship program geared towards children of U.S. employees earning a bachelor’s degree in an aviation/aerospace related major. This program will not only support the children of our employees, but will bolster the future of our industry.

## Health and wellness

The health and wellness of our employees is paramount and as such we provide an onsite nurse at our MRO locations, medical screenings, a free flu shot program in the U.S. and counseling at no cost. We also periodically organize events at our facilities such as a Fitbit® step challenge and sponsor participants in their wellness efforts, such as running the Chicago Marathon. We have on-site fitness centers at some of our locations to allow employees to take advantage of their free time to stay fit.

In addition, we support health and wellness through our charitable giving and partnerships focused on research and advanced treatment therapies for various diseases and medical conditions, homeless veterans and families in need. See pages 26-31 for information on our community outreach and charitable donations.

### Our COVID-19 response

As part of the essential critical infrastructure sector (as defined by the Department of Homeland Security), AAR remained fully operational throughout the COVID-19 pandemic. While supporting our commercial and government customers in accordance with current federal, state and local orders, we took extra steps to ensure the safety of our employees by taking the following measures:

- Established a COVID-19 Action Team that meets weekly.
- Deployed temperature taking process (including touchless devices with facial recognition for reporting to work), COVID-19 Policy and communication procedures.
- Developed process for contact tracing and COVID-19 Dashboard for tracking cases.
- Provided appropriate PPE to protect employees and visitors.
- Provided onsite vaccination programs at AAR locations in Oklahoma City, Miami, Wood Dale and Rockford.



## Supporting communities

Giving back to the community is a critical part of AAR's culture. We support nonprofits and organizations that work to improve society, with an emphasis on veterans' programs and education for high school and college students. Our support also includes charitable donations, event sponsorship and volunteering. Although the pandemic has slowed our giving rate and the number of events we have participated in this past year, we remain committed to our communities and look forward to ongoing collaboration.



### Active military and veteran programs

AAR's success in supporting the U.S. Military and allied countries is in large part due to the valuable skills of our dedicated employee base of military veterans. Veterans make up 22 percent of our U.S. workforce and are a key focus in our local recruitment efforts.

As a proud military-friendly employer, we recruit veterans through various military and academic partners, including:

- Air Force Academy High School
- Chicago Veteran Summit
- Embry-Riddle Aeronautical University's SkillBridge Program for transitioning military (part of our EAGLE Career Pathway Program)
- Naval Station Great Lakes
- University of Chicago Veterans
- Veteran Career Summit
- Women in the Air Force



### STEM and aviation-focused education

As a pioneering aviation company, we have a responsibility to think ahead and see the big picture. A Boeing study estimated that 192,000 new aircraft technicians in North America and 739,000 new aircraft technicians worldwide will be needed through 2039, and we are determined to help fill the gaps with our workforce development strategy involving two successful programs, STEM education with partner schools and our EAGLE Career Pathway Program.

Source: *Boeing Pilot and Technician Outlook 2020-2039.*

Both programs are geared towards inspiring young minds and creating pathways to successful careers in aviation. In essence, we are preparing the young generation to take up the mantle when they are ready to spread their wings.

### Inspiring youth

To instill a deep interest for aerospace in young people and create a talent pipeline for the aviation industry, we collaborate with elementary, middle and high schools and organizations to demonstrate the relevance of STEM subjects (Science, Technology, Engineering and Mathematics) and introduce them to career pathways in aerospace in a fun and engaging way.

In the cities where we operate, we encourage students to learn about the aviation industry firsthand by regularly opening our doors to students for tours and mentorship programs. Our "Taking Flight" national education initiative introduces young students to exciting careers in aviation. The successful program includes participation in career days, field trips and paid internships at AAR locations across the country, including Miami, Indianapolis, Oklahoma City and Chicago. We also promote aviation as a viable vocation in underserved areas.

AAR's recent partnerships include:



### Working Heroes Program

Our country's veterans are disciplined and loyal workers capable of quickly becoming valued mechanics and natural leaders. In collaboration with LAUNCH, AAR hires veterans through the Working Heroes Program to fill the industry-wide shortage of aviation maintenance personnel.

LAUNCH is an ongoing program, for several years, which helps experienced veterans and transitioning service members successfully integrate into the workforce.



### VIPER

In April 2021, AAR partnered with VIPER Transitions to launch the nonprofit's first aircraft maintenance workforce program. VIPER is a veteran-run job training initiative providing resources and transferable skills for service members transitioning from military to civilian life.

We started the new alliance with a \$25,000 grant powered by the Lumina Foundation for tools and equipment to be used by participants. The program includes a general aviation curriculum developed by the Aviation Institute of Maintenance (AIM) and a week each of airframe and powerplant instruction for 10-15 students for twelve weeks (totaling 480 hours).

Graduates will continue training at an AIM campus or work at a partner company like AAR.

ORGANIZATIONS AND SCHOOLS

AAR ACTIVITIES



**Cradle of Aviation Museum**  
Long Island, New York

Commemorates Long Island's part in the history of aviation.

- Internships and access to STEM related careers as part of the "Taking Flight" education initiative.



**Perspectives Charter Schools**  
Chicago, Illinois

Five open-enrollment, tuition-free high-performing public schools serve students in grades six through twelve.

- Internship/mentorship program.
- Tours of the Aviation Technology Center at Vincennes University.
- Students taxi in style across the airfield in a Boeing 737 to AAR Aircraft Services.



**Overtown Youth Center**  
Miami, Florida

The youth center provides comprehensive services to at-risk youth.

AAR is connected to Miami by its two facilities – Landing Gear Services and Aircraft Services – that employ more than 1,000 residents and directly generate more than \$114 million annually in economic impact for the area.

- To support the Center's STEM program and for construction of a new facility, in 2013, pledged \$250K which was paid in four annual installments, and in 2019, pledged an additional \$125K to be paid in five annual installments.
- Kicked off program with AAR employees helping to launch rockets.
- Classes for elementary school students taught by the Nutty Scientist.
- Miami Central High School juniors and seniors get their first glimpse of aviation education and careers during "Taking Flight," a day-long STEM excursion to AAR's 226,000-square-foot aircraft maintenance, repair and overhaul (MRO) facility at the Miami International Airport.
- Contributed and participated in charity basketball tournament that benefits under-privileged youth in Miami.

## Smithsonian National Air & Space Museum

AAR previously donated \$500,000 to support the construction of the new Design Hangar in the transformed "How Things Fly" exhibition at the flagship building of the National Air & Space Museum in Washington, D.C., scheduled to open in 2024. The museum named the space the "AAR Design Hangar" in appreciation of the gift. Since its inception in 2014, 62,000 visitors have engaged in hands-on learning experiences in core STEM topics in the Design Hangar.

In July 2021, AAR's donation was acknowledged by the Smithsonian as part of its Ignite Tomorrow campaign.



## EAGLE Career Pathway Program

AAR launched our EAGLE Career Pathway Program in early 2019 to create clear pathways to career advancement for college students across the country and to fill the predicted skill gaps in aviation with multi-leveled certified aircraft mechanics. Educational institutions we work with include community colleges, high schools and youth centers located near AAR’s four U.S.-based aircraft repair stations in Miami, Oklahoma City, Indianapolis and Rockford, Illinois, and our global headquarters near Chicago’s O’Hare International Airport.

The program provides students with real-life work experience inside the hangar and includes job shadowing and mentoring. Students receive academic support and monitoring. Graduates of the EAGLE program have the opportunity to begin working for AAR immediately or continue the program to obtain an additional certification, including FAA airframe and powerplant (A&P), maintenance operations, management, quality control and safety. Participants are eligible for tuition reimbursement from AAR upon completion.

In March 2021, AAR’s EAGLE program was recognized by the U.S. Department of Labor’s (DOL) Employment and Training Division as a nationally registered apprenticeship.



Our EAGLE partner schools include:



Aviation Institute of Maintenance (AIM)  
HAMPTON ROADS, VA



Lake Superior College (LSC)  
DULUTH, MN



Rock Valley Community College  
ROCKFORD, IL



Western Michigan University  
KALAMAZOO, MI



Embry-Riddle Aeronautical University  
DAYTONA BEACH, FL



Olive-Harvey Chicago Community College  
CHICAGO, IL



Vincennes University, Aviation Technology Center (ATC)  
INDIANAPOLIS, IN



Wichita State University Tech  
WICHITA, KS



### Olive-Harvey Chicago Community College

Our first EAGLE program initiative launched at the Olive-Harvey Chicago Community College in just four months. The program, offered at the new 12,000 square-foot Aviation Futures Training Center, focuses on aviation sheet metal in a 60-day curriculum that provides an opportunity for those not pursuing a traditional college path. Launched in 2019, the Center is an extension of Olive-Harvey College's Transportation, Distribution and Logistics (TDL) Center.

AAR donated the curriculum and pays the instructor for the aviation sheet metalworking course, which prepares students for the CertTEC Certification with 300 hours of instruction and hands-on training with sheet metal from airplane fuselages so they can gain entry-level employment in aviation or a similar industry. The program's subsequent coursework on composite repair and aviation electronics allows students to earn stackable credentials to pursue several career tracks that include management jobs.



### Rock Valley College

AAR designated Rock Valley as an EAGLE Career Pathway partner in 2019; however, we have worked closely with the community college since we began operating our MRO facility at Chicago Rockford International Airport in 2016.

As part of our collaboration, we donated equipment to Rock Valley College's Aviation Career Education Center – which sits across the street from our twin-hangar facility – and we send subject-matter experts to the school to speak with students studying to be an aircraft mechanic.

## Charitable donations, events and activities

AAR also believes in Doing It Right® outside of work, and we demonstrate this by giving back to the communities where we live and operate. We support nonprofits and organizations that work to improve society in four primary areas: veterans/active military; education with an emphasis on STEM; health and wellness; and diversity and inclusion.



At AAR, we encourage getting involved and supporting our communities. Although making charitable contributions is a part of that dynamic, it's important to not underestimate the value of what many believe to be our most precious resource: our time. Many of my most meaningful contributions have been through participation in events to benefit veterans organizations, local childrens' hospitals, American Cancer Society and Ronald McDonald charities. Not only am I helping these organizations, but in joining with my AAR team, customers and other stakeholders, we are strengthening personal connections with each other and within our communities."

**Chris Jessup**

AAR, Chief Commercial Officer

## Charitable giving

We identify organizations to support with charitable giving primarily through our leadership, employees and customers. In addition, our employees have supported each other through hardships by holding fundraising luncheons, with AAR often providing a company matching donation.

Over the last decade, we have donated and sponsored events to support numerous organizations, including the following:

FY 2021 highlights:

- American Cancer Society
- Brain Research Foundation
- Business Executives for National Security (BENS)
- Golf Fore Charity
- Lincoln Park Zoo
- Lurie Children's Hospital
- Marine Corps Association & Foundation (MCAF)
- Mayo Clinic
- Ronald McDonald charities
- Shedd Aquarium

FY 2020 highlights:

- American Cancer Society
- Anti-Defamation League
- Brain Research Foundation
- Chicago Humanities Festival
- Lincoln Park Zoo
- Lurie Children's Hospital of Chicago
- Marine Corps Scholarship Foundation
- Mayo Clinic
- National Runaway Safeline
- Ronald McDonald charities
- Smithsonian Institution
- World Business Chicago

### Support of DE&I organizations

We also support organizations dedicated to diversity, equality and access to economic opportunity, including the following over the past years:

- Legal Aid Society
- International Aviation Women's Association (IAWA)
- Special Olympics
- POSSE Chicago (nonprofit that supports diverse students persisting through college)
- Dress for Success (helps underprivileged women with resume writing, interviewing and workforce readiness)

### Support of veteran organizations

Our team supports, volunteers and donates to groups that help veterans, our active-duty men and women and their families, including the following over the past years:

- Marine Corps Scholarship Foundation
- Navy SEAL Foundation
- Operation Support Our Troops – America
- Women in the Air Force
- VetsAid
- Folds of Honor
- Gary Sinise Foundation
- Headstrong
- Illinois Joining Forces

## Charitable events and activities

AAR employees are proud to participate in events that support our communities.



Clockwise from top: AAR supports communities by packing, collecting and distributing food to organizations like Feeding America and Rise Against Hunger (2019); AAR participates in the LitterBlitz Program, Oklahoma City, hosted by the City of Oklahoma and Oklahoma's Department of Environmental Quality in May 2021. In addition, in Oklahoma City, we support the local food bank with food drives, as well as participate and host a toy drive at our hangar every year; Festivoix music concert in our MRO hangar in Trois Rivières, Québec, Canada, March 2021 for essential healthcare workers; Breast Cancer Awareness, Miami, Florida (2019); AAR participates in Republic Airline's Plane Pull at Indianapolis, Indiana (2019)



# Governance



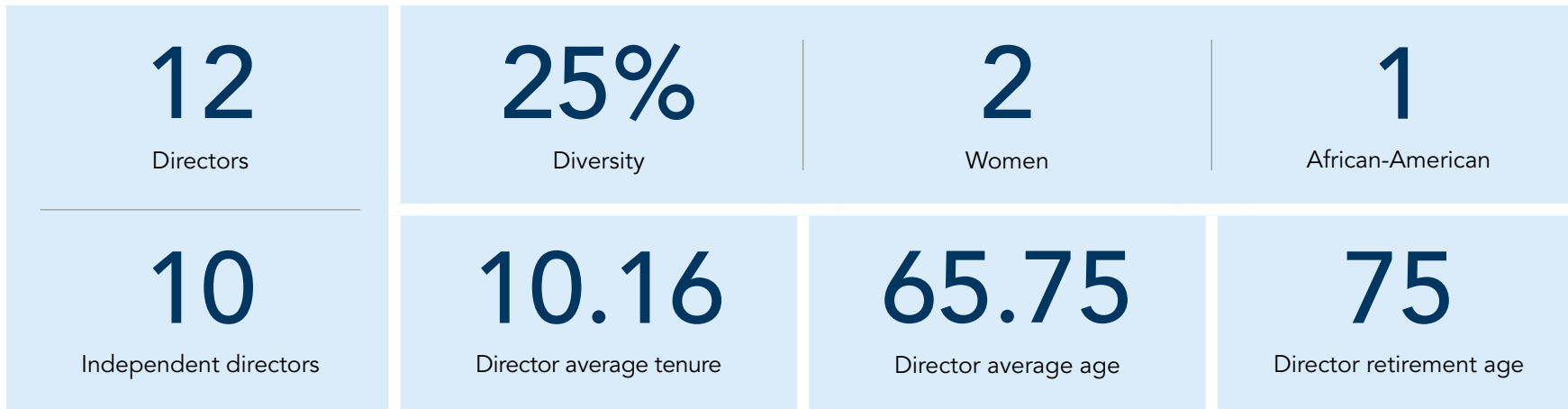


## Governing with integrity: Be honest. Inspire trust.

We believe that our Doing It Right® culture is based on a foundation of strong corporate governance and values that emphasize not only ethics and compliance, but integrity. We strive to establish, implement and maintain an effective governance structure that is agile and responsive to business needs and evolving best practices, and to set high ethical standards.

## Our Board of Directors

Our Board of Directors is elected by AAR's stockholders and represents their interests in overseeing our management, strategic direction and financial success. We believe our Board is currently well-balanced and able to provide appropriate oversight. The additions of Messrs. Robert F. Leduc and H. John Gilbertson in 2020 and Ms. Ellen Lord in 2021 have increased the Board's diversity of thought in recent years and prepare us for future growth and innovation.



### Consideration of inclusive diversity and expertise

Our Nominating and Governance Committee considers the racial, ethnic and gender diversity of the Board and director candidates to assure that AAR maintains the benefit of a diversified, balanced and effective Board. The Nominating and Governance Committee and the full Board maintain a matrix of skills, competencies and experiences of each director. This matrix enables the members to ensure that the Board as a whole has the diversity of expertise and experience necessary for effective oversight.

To help facilitate the evaluation of diverse candidates, the Board adopted amended Corporate Governance Guidelines in December 2019, mandating that a diverse candidate must be included in any director search.

## Governance best practices

Good corporate governance is an essential part of our culture. We review our corporate governance policies and procedures on an annual basis. We strive to emulate “best practices,” tailoring them, as appropriate, to fit our culture, strategy and performance. We believe that we comply with all applicable SEC and NYSE corporate governance rules and regulations. We also have adopted additional corporate governance practices that we believe are in the best interests of AAR and our stockholders.

- ✓ Independent Lead Director
- ✓ Majority voting in uncontested director elections
- ✓ Stock ownership and retention guidelines
- ✓ Annual stock grant to non-employee directors
- ✓ Executive sessions of Independent directors
- ✓ Independent compensation consultant
- ✓ Annual Board and Board Committee self-evaluations
- ✓ Director orientation and continuing education programs
- ✓ All directors on the audit committee are “audit committee financial experts”

- ✓ Code of business ethics and conduct
- ✓ Ethics hotline policy
- ✓ Related person transaction policy
- ✓ Disclosure committee for financial reporting
- ✓ Annual stockholder approval of executive compensation
- ✓ Stockholder engagement program
- ✓ Separation of Chairman and CEO Roles
- ✓ Independent Board Committees
- ✓ Enterprise Risk Management Program

## Risk management

Effective risk management is an important Board priority. The risk oversight function at the Board begins with a fundamental understanding of AAR’s culture, business and strategy. The Board delegates significant aspects of its risk management oversight responsibilities to its committees. The Board also works with management to manage risk through robust and comprehensive internal processes, an effective internal control environment and an enterprise risk management program.



## Stakeholder engagement

We recognize and value the importance of engaging with our stockholders and other key stakeholders, as we believe that open communication helps promote a culture of transparency and the feedback we receive helps to shape our ESG strategies.

STAKEHOLDER	HOW WE ENGAGE	TOPICS DISCUSSED	
<b>Stockholders</b>	<ul style="list-style-type: none"> <li>Earnings calls</li> <li>Annual stockholder meeting</li> <li>Stockholder engagement program</li> <li>Investor Day</li> </ul>	<ul style="list-style-type: none"> <li>Business</li> <li>Strategy</li> <li>Financial results</li> <li>Digital initiatives</li> </ul>	<ul style="list-style-type: none"> <li>Operating performance</li> <li>Executive compensation practices</li> </ul>
<b>Employees</b>	<ul style="list-style-type: none"> <li>Employee town halls</li> <li>Engagement surveys</li> <li>Employee resource groups</li> <li>Performance appraisals</li> <li>Required and voluntary training</li> </ul>	<ul style="list-style-type: none"> <li>Business</li> <li>Strategy</li> <li>Safety</li> </ul>	<ul style="list-style-type: none"> <li>Health and wellness</li> <li>Diversity and inclusion</li> <li>Company culture</li> </ul>
<b>Customers</b>	<ul style="list-style-type: none"> <li>Contract negotiations</li> <li>Customer audits</li> <li>Performance reviews</li> </ul>	<ul style="list-style-type: none"> <li>Business</li> <li>Digital initiatives</li> <li>Quality and safety</li> </ul>	<ul style="list-style-type: none"> <li>Regulatory compliance</li> <li>Ethics and compliance</li> </ul>
<b>Suppliers</b>	<ul style="list-style-type: none"> <li>Procurement process</li> <li>Supplier Relationship Program</li> <li>Supplier Day</li> </ul>	<ul style="list-style-type: none"> <li>Quality and safety</li> <li>Ethics and compliance</li> </ul>	<ul style="list-style-type: none"> <li>Diversity and inclusion</li> </ul>
<b>Government</b>	<ul style="list-style-type: none"> <li>Formal and informal meetings at all levels of government</li> </ul>	<ul style="list-style-type: none"> <li>Safety</li> <li>Regulatory compliance</li> </ul>	<ul style="list-style-type: none"> <li>Diversity and inclusion</li> <li>Industry environmental impact</li> </ul>

See page 43 for information on political engagement.





## Culture of ethics and compliance

Our compliance culture is reflective of our purpose and our values. At the heart of Doing It Right® is a commitment to conducting business ethically.

### Our Code of Conduct and related policies

Our **Code of Conduct** comprises more than just policies and procedures. The purpose of the Code of Conduct is to promote the highest ethical standards in our business practices and procedures. AAR takes violations of our Code of Conduct and the law very seriously. Unethical or illegal actions detract from our workplace’s ethical culture. Anyone who is found to have violated our Code of Conduct or the law will be subject to discipline, up to and including termination of employment.

In FY 2019, AAR created a Chief Compliance Officer position to oversee and implement enhancements to our compliance program. These enhancements focused on anti-bribery and anti-corruption policies and procedures, third-party due diligence, risk assessments and similar measures designed to promote our Doing It Right® corporate purpose.



We require all new hires to complete Code of Conduct training, and training is also an annual requirement for all employees.

### Human rights (fair compensation and labor laws)

We believe everyone who works for AAR or a third-party business partner should be treated fairly and respectfully. We follow all laws related to working hours, working conditions and compensation.

AAR has a zero-tolerance policy regarding trafficking in persons and forced labor. Employees are expected to monitor for indications of forced labor or human trafficking, whether by AAR or any third-party business partner we work with, and report any suspicious activity immediately.



All employees are trained annually on the principles of Supporting Human Rights: Modern Slavery Act.

### Anti-discrimination

We view fairness as paramount when it comes to hiring, firing, promoting or including someone in professional development activities. AAR does not make employment-related decisions based on an individual’s legally protected personal characteristics. These commonly include race, religion, color, age, gender, sexual orientation, disability, gender identity, veteran status and national origin.

### Anti-harassment

Our commitment to inclusivity means that we want everyone to feel respected and safe in the workplace. As such, harassment and bullying have no place at AAR. We do not tolerate behavior that creates an intimidating, hostile or offensive work environment.

### Anti-retaliation

To maintain an environment where everyone feels comfortable raising concerns or posing questions, AAR does not and will not tolerate retaliation for making a report in good faith. When questions or issues arise that are not covered by the Code, anyone can turn to the resources listed in the “Speaking UP” section of the Code to report a concern or pose a question. There is no retaliation for speaking up.

### Conflicts of interest

As part of our commitment to act with integrity, we avoid conflicts of interest or situations where we might have to choose between doing what is best for AAR and what is best for us personally or for a member of our immediate family. Based on AAR’s long history of working with the government and other companies in our industry, we take all reasonable measures to avoid organizational conflicts of interest.



## Ethics hotline

We encourage good-faith concerns to be reported to the employee's manager, Law Department, Human Resources, or through the AAR ethics hotline. The hotline is operated by an independent third party, EthicsPoint, and is available 24 hours a day, 7 days a week via telephone calls and web reports. Anyone may contact EthicsPoint with confidential complaints, information, suggestions or recommendations. EthicsPoint permits individuals to identify themselves or remain anonymous at their election; however, individuals are encouraged to provide contact information to more easily investigate the report.

The Audit Committee of the Board receives reports concerning our ethics hotline activity and any investigations of non-compliance with our Code of Conduct by any AAR officers.

[www.aar.ethicspoint.com](http://www.aar.ethicspoint.com)  
+1-855-822-9536

**ethics·point**  
a NAVEX GLOBAL™ company

## Global anti-corruption policy

AAR has zero tolerance for any form of bribery or corruption. It is our policy to comply with all applicable laws, including the U.S. Foreign Corrupt Practices Act (FCPA), the UK Bribery Act, and any local anti-corruption laws. We do not offer, give or accept, directly or indirectly, any bribes, kickbacks or other corrupt payments, regardless of whether we are working with commercial entities or government officials, including employees at state-owned or -controlled airlines.



We conduct separate anti-corruption training for new hires and for employees annually. We also require training of certain third parties.



## Compliance Champion Network

Our Compliance Champion Network is a group of AAR employees embedded in our facilities and business units around the globe to serve as an extension of AAR's Global Compliance Program. Key responsibilities include:

- Promote AAR's Compliance Program and AAR's Doing It Right® values to their colleagues in their business unit and region.
- Act as a local resource to allow employees to voice concerns and ask questions about compliance issues.
- Triage issues to the appropriate subject matter experts within the organization.
- Document and report issues raised for tracking and reporting as appropriate to management and Board.

Compliance Champions are selected by the CEO and company leadership based on a number of qualities:

- High performers
- Friendly and approachable
- Trustworthy and honest
- Respected by fellow employees and leadership
- Expert communicators, including a strong ability to listen and respond
- Solid judgment
- Ability to issue-spot

## Supplier expectations

### Supply chain overview

We value the relationships we have developed throughout our global supply chain. Although procurement is largely decentralized across our business units, we maintain corporate oversight to analyze spend and leverage costs. We also have a centrally managed Supplier Relationship Management (SRM) program. Through this program, we review 50-100 suppliers annually and identify approximately 25 suppliers with whom key AAR stakeholders commit to an ongoing cadence of engagement. The nature and frequency of this focused engagement is based on the level of supplier performance, critical nature of products and services provided, and level of guidance to maximize the strategic relationship.

### Global procurement – approximately 50 countries



- Parts suppliers
- Repair service suppliers
- Indirect product/services suppliers

### Our Supplier Diversity Program

Consistent with our values and culture of inclusion, we recognize the importance of diversity in our supply chain. We strive to support minority-owned, women-owned, veteran- and service-disabled -owned, and other businesses owned by disadvantaged groups.

Although we have historically reported supplier diversity spend as required by our government customers (typically at the business unit level), we are launching during FY 2022 our company-wide Supplier Diversity Program to provide for consistent, centralized tracking across our businesses. This program is intended to be more than a reporting tool; we are looking to establish goals, targets and initiatives to develop diverse supplier relationships, support their business growth and forward their success.

### Supplier Code of Conduct

Corporate integrity, responsible product sourcing and the safety and well-being of workers across the global supply chain are of paramount importance to AAR and align with our Doing It Right® values.

AAR's Supplier Code of Conduct (Supplier Code) applies to all distributors, manufacturers, vendors, consultants, contractors and other suppliers and third parties that engage in business transactions with AAR. We expect our suppliers to adhere to applicable legal and regulatory requirements, and our Supplier Code establishes the minimum standards that must be met to do business with AAR regarding:

- Treatment of workers, including anti-discrimination, fair employment practices and human rights
- HSE laws and regulations and workplace safety
- Environmental impact of supplier activities
- Data security and privacy
- Trade controls and customs matters
- Intellectual property
- Ethical business practices, including conflicts of interest, fair competition and anti-bribery

\* As of May 31, 2021

## Human rights (fair compensation and labor laws)

Our suppliers must observe applicable laws and regulations governing wages and hours, recruitment, employment contracts and working conditions. They aren't allowed to engage in slavery, human trafficking or employ workers younger than the applicable minimum age. Suppliers shall not engage in the use of forced, bonded (including debt bondage) or indentured labor, and involuntary prison labor.

Suppliers must protect employee personal information under applicable law or regulations and not require workers to surrender control over original identification papers or documents giving foreign workers the right to work in the country, or pay fees for the right to work.

A supplier must ensure its workers have the right to freedom of movement and respect the rights of employees to freely organize and bargain collectively in accordance with all applicable laws and regulations. They must also ensure that their personnel observe the highest standards of personal and professional conduct.

We expect our suppliers to raise questions or concerns promptly. The failure to comply with our Supplier Code may result in immediate termination of business with AAR.







## Complying with safety standards

Our first and utmost priority is safety as we provide critical products and services that impact the safety of commercial and military aircraft across the globe.

### Our Board's Aviation Safety and Training Committee

To further solidify our commitment to "Quality First, Safety Always", our Board formed an Aviation Safety and Training Committee (ASTC) in December 2020. Comprised of three independent, experienced aviation professionals, the ASTC provides oversight of safety matters relating to AAR's operations and monitors our efforts to create a culture of safety compliance. The ASTC also periodically reviews our safety and quality systems, training and reporting.

### Safety policies and culture of reporting

AAR is committed to the highest level of safety performance and meeting or exceeding regulatory requirements while delivering aviation services to our stakeholders. Our Safety Policy and Philosophy sets forth our pledge that no staff member will be asked to compromise our safety standards to "get the job done".

Our operations are continuously examined to proactively eliminate hazards and contain or mitigate risks. We believe it is critical to report incidents, identify risks, train staff on safety management, document our findings and our responses and strive for continuous improvement to facilitate airline safety.

All employees must comply with our Safety Policy and are required to report safety hazards, issues or concerns and solicit recommendations for safety improvements through our "Report Something" system via APRISe®, described on page 41. Each MRO facility is overseen by an SMS manager who facilitates hazard identification and risk analysis and monitors effectiveness of safety risk controls. The SMS manager regularly reports to a designated accountable executive on SMS performance and any need for improvement.

#### Product safety policy

We aim to:

- Comply with the customers' regulatory and technical requirements
- Adhere to our established process controls to verify compliance to technical data and regulatory requirements
- Thoroughly investigate and take corrective actions against any reported discrepancy
- Measure our performance to the technical data and correct any discrepancies prior to returning the finished product to the customer
- Utilize customer feedback to make quality improvements in our process



## APRISe®: AAR Performance Reporting Information System

We are proud that AAR has been recognized as the first independent third-party MRO for implementing an SMS in accordance with requirements set forth in the SMS Voluntary Program by the Federal Aviation Administration (FAA), the European Union Aviation Safety Agency (EASA), Transport Canada Civil Aviation (TCCA) and the International Air Transport Association (IATA).

In 2019, we implemented and advanced APRISe® software, our proprietary closed-loop system for quality and safety management to track environmental, health and safety, all in one. Our SMS allows us to better serve our customers and the flying public by proactively identifying quality and safety issues, tracking root causes and contributing factors and verifying corrective actions. This system encourages proactive employee reports to insure that we continue to deliver the highest level of safety in the aircraft we maintain.



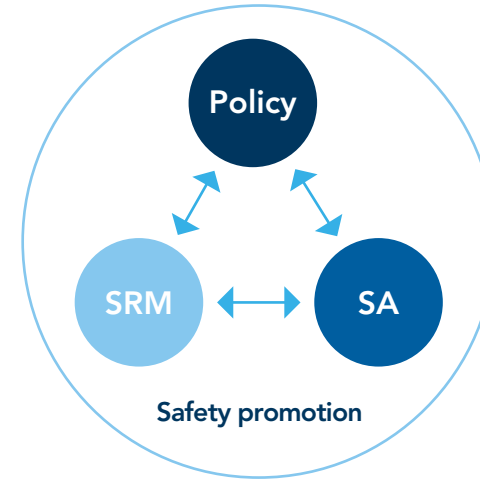
### The four SMS components

#### Safety policy

Establishes senior management’s commitment to continually improve safety; defines the methods, processes and organizational structure needed to meet safety goals

#### Safety Risk Management (SRM)

Determines the need for, and adequacy of, new or revised risk controls based on the assessment of acceptable risk



#### Safety Assurance (SA)

Evaluates the continued effectiveness of implemented risk control strategies; supports the identification of new hazards

#### Safety promotion

Includes training, communication, and other actions to create a positive safety culture within all levels of the workforce

APRISe® includes:

- Risk assessments (damage/rework, airworthiness/ maintenance processes)
- Audit findings
- Communications
- Corrective and preventive action requests
- Customer feedback
- Directives and IFAs
- Event management
- Government communication and visits
- Injury reporting
- Import and export compliance
- Investigations of environmental health and safety issues
- Regulatory compliance
- Supplier management

Our APRISe® system is implemented in our Repair and Engineering Services facilities and is expected to be implemented at our MRO AAR sites in the future.



## Employee aviation safety training

Quality First, Safety Always is a core value that we live every day. As a critical component for the safety of flight, we invest annually to provide our employees the necessary tools to work safe, proactively identify risk and prevent workplace injuries. As an example, our technicians receive specialized training for each aircraft type that they work on and are required to complete that training before transitioning from one aircraft type to another. Our aviation inspectors receive specialized training to perform critical aircraft, engine, and component inspections.

AAR continuously develops and tests safety training by teaming with subject matter experts and in coordination with the FAA and academia. Two examples of this training are Human Factors and Risk Management. We use these skills to diagnose the most common root causes for errors and develop innovative training to deliver to our employees.

At AAR, Safety is part of our DNA and we continue to focus on developing and implementing effective safety training classes and programs. Our goal is to have a culture that is engaged, proactively reduces risks and prevents accidents. We couple our culture with our Business Management and Safety Management Systems to improve the safety of flight.

## Certifications

- AS9100, AS9110 and AS9120 certification
- Ten 14 CFR Part 145 certificated repair stations worldwide
- FAA Diamond Certificate of Excellence for Safety Training of Aircraft Maintenance Technicians (5 in 2020)

### Increasing efficiency and safety using drones

In 2019, we launched the first fully automated Donecle drone technology at our Miami MRO facility to conduct aircraft inspections with more precision, conserving time and resources for our customers. With laser positioning, the drone can safely perform end-to-end airframe visual inspections of B737 and A320 aircraft within an hour, detecting any structural damage, assessing paint quality and markings and signs of lightning strikes.

In compliance with FAA requirements, AAR performs manual aircraft inspections in addition to drone inspections.



## Cybersecurity

Our approach to cybersecurity is comprehensive and we continue to invest in an integrated toolset that leverages event aggregation and correlation using machine learning techniques to help us remain responsive to the ever-changing and challenging cybersecurity space.

Globally, our privacy model conforms to the GDPR (General Data Protection Regulation) standard, the highest recognized standard with the most stringent regulations. Our SOX (Sarbanes-Oxley Act) cybersecurity compliance program is designed to manage IT general and access controls.

Complying with government standards such as NIST (The National Institute of Standards and Technologies), CMMC (Cybersecurity Maturity Model Certification) and ITAR (International Traffic in Arms Regulations) allows us to have a leading edge in our ability to pursue, win and deliver on new business opportunities.

In addition to compliance, we place our greatest emphasis on security, protecting our digital assets and monitoring our infrastructure. We have counter measures in place to identify and respond to potential security vulnerabilities.

We also focus on confidentiality and integrity of information for protection of data and to ensure information is reliable and correct.



AAR's employees take an annual hour-long Security Awareness Training that is primarily focused on information security, specifically social media usage, phishing emails and anti-virus protection.

Our Board places emphasis on the identification and management of cybersecurity risks. The Board and its committees receive periodic reports from management of system vulnerabilities and security measures in effect to deter and mitigate threats that can lead to hacking, unauthorized access, or compromise.

Our key initiatives for calendar years 2021 and 2022 are ensuring the availability of systems and resources, managed through our comprehensive incident response plan and disaster recovery and business continuity plan. We are also focused on enhancing the effectiveness of our third-party managed Security Operations Center by building our own internal Security Operation Center for greater internal threat visibility.

## Political engagement

We participate in the political process through regular and constructive engagement with government officials and policymakers. This engagement includes making political contributions, and by encouraging the civic involvement of its employees. AAR complies with applicable laws and regulations related to its participation in the political process.

Our Government Affairs Department is responsible for managing and coordinating AAR's political participation. The Board of Directors is responsible for overseeing our lobbying activities and political contributions, and for reviewing annual contributions and lobbying reports. AAR's participation in the political process is governed by our [Political Participation, Lobbying, and Contributions Policy](#). For more information, see [Political Engagement](#) on our website.

## Conflict minerals

AAR is committed to complying fully with the reporting requirements of the Securities and Exchange Commission (SEC) with respect to Conflict Minerals (as defined by the SEC). To that end, AAR and its manufacturing subsidiaries work with applicable suppliers to perform the necessary due diligence in determining the potential for Conflict Minerals in their supply chain and products. AAR and its manufacturing subsidiaries designed their due diligence program in accordance with the Organization for Economic Cooperation and Development Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. For more information, see our [Conflict Minerals Policy](#) on our website.

# Appendix



## GRI and SASB Index

This reporting index aligns disclosures addressed in this report to selected standards of the Global Reporting Initiative (GRI) Standards, as well as applicable Sustainability Accounting Standard Board (SASB) indicators.

SASB	GRI	GRI DISCLOSURE TITLE	RESPONSE OR DISCLOSURE LOCATION
<b>GENERAL DISCLOSURES</b>			
	102-1	Name of the organization	AAR CORP.
	102-2	Activities, brands, products, and services	About AAR CORP., pages 5-8 <u>2021 Form 10-K</u> Item 1. Business, pages 2-7
	102-3	Location of headquarters	Wood Dale, Illinois, USA
	102-4	Location of operations	About AAR CORP., page 7 <a href="https://www.aarcorp.com/about/international-presence/">https://www.aarcorp.com/about/international-presence/</a>
	102-5	Ownership and legal form	<u>2021 Form 10-K</u> Item 1. Business – General, page 2
	102-6	Markets served	About AAR CORP., page 7 <u>2021 Form 10-K</u> Item 1. Business – Business Segments, pages 3-4; Customers, page 5 <a href="https://www.aarcorp.com/about/international-presence/">https://www.aarcorp.com/about/international-presence/</a>
	102-7	Scale of the organization	About AAR CORP., pages 5-7 <u>2021 Form 10-K</u> Item 1. Business – Human Capital Resources, page 6 <u>2021 Annual Report</u> Selected Financial Highlights, page 3
	102-8	Information on employees and other workers	In countries where it is legally required, our employees have employment contracts. We generally do not have employment contracts in the US. We do have US citizens who are deployed to our government programs sites (OCONUS) who are on a renewable FSA (Foreign Service Agreement). We have 56 part time employees as of May 31, 2021. Supporting our employees, page 20
	102-9	Supply chain	Supplier expectations, pages 38-39
	102-13	Membership of associations	Membership of associations, page 59

SASB	GRI	GRI DISCLOSURE TITLE	RESPONSE OR DISCLOSURE LOCATION
	<a href="#">102-14</a>	Statement from senior decision-maker	Letter from our President and Chief Executive Officer, pages 3-4
	<a href="#">102-15</a>	Key impacts, risks, and opportunities	Our ESG focus areas, page 11 Our environmental impacts and initiatives, pages 13-14 <a href="#">2021 Form 10-K</a> Item 1A. Risk Factors, pages 8-16
	<a href="#">102-16</a>	Values, principles, standards, and norms of behavior	Our purpose and our values, page 10
	<a href="#">102-17</a>	Mechanisms for advice and concerns about ethics	Culture of ethics and compliance, pages 36-43
	<a href="#">102-18</a>	Governance structure	ESG oversight and governance, page 11 <a href="#">2021 Proxy Statement</a> The Board’s role and responsibilities – Role and responsibilities of the Board committees, pages 25-29
	<a href="#">102-19</a>	Delegating authority	ESG oversight and governance, page 11
	<a href="#">102-21</a>	Consulting stakeholders on economic, environmental, and social topics	Stakeholder engagement, page 35
	<a href="#">102-22</a>	Composition of the highest governance body and its committees	Our Board of Directors, page 33 <a href="#">2021 Proxy Statement</a> 2021 Proxy statement summary – Corporate governance highlights, page 9
	<a href="#">102-23</a>	Chair of the highest governance body	<a href="#">2021 Proxy Statement</a> Board structure – Board leadership, pages 29-30
	<a href="#">102-24</a>	Nominating and selecting the highest governance body	Our Board of Directors, page 33 <a href="#">2021 Proxy Statement</a> Our strategy – Director nominations and qualifications, pages 22-23
	<a href="#">102-25</a>	Conflicts of interest	Our Code of Conduct and related policies, page 36 <a href="#">2021 Proxy Statement</a> Our strategy – Director nominations and qualifications, pages 22-23; Board practices and policies – Related person transaction policy, page 32
	<a href="#">102-26</a>	Role of highest governance body in setting purpose, values, and strategy	ESG oversight and governance, page 11

SASB	GRI	GRI DISCLOSURE TITLE	RESPONSE OR DISCLOSURE LOCATION
	<a href="#">102-27</a>	Collective knowledge of highest governance body	<a href="#">2021 Statement</a> Our strategy – Director orientation and continuing education, page 31
	<a href="#">102-28</a>	Evaluating the highest governance body's performance	<a href="#">2021 Proxy Statement</a> Board practices and policies – Board and committee evaluations, page 30
	<a href="#">102-29</a>	Identifying and managing economic, environmental, and social impacts	Our approach to ESG, page 11 Risk management, page 34 Stakeholder engagement, page 35
	<a href="#">102-30</a>	Effectiveness of risk management processes	Risk management, page 34 <a href="#">2021 Proxy Statement</a> The Board's role and responsibilities – Role and responsibilities of the Board committees – Audit committee, page 27
	<a href="#">102-31</a>	Review of economic, environmental, and social topics	ESG oversight and governance, page 11
	<a href="#">102-32</a>	Highest governance body's role in sustainability reporting	ESG oversight and governance, page 11 Our ESG report is reviewed by the Nominating and Governance Committee (NGC) on behalf of the Board.
	<a href="#">102-33</a>	Communicating critical concerns	Ethics hotline, page 37 <a href="#">2021 Proxy Statement</a> Board Practices and Policies – Communications with the Board of Directors, page 33
	<a href="#">102-34</a>	Nature and total number of critical concerns	AAR discloses material legal proceedings in its SEC reports.
	<a href="#">102-35</a>	Remuneration policies	<a href="#">2021 Proxy Statement</a> Director compensation, pages 33-35; Compensation discussion and analysis, pages 39-69
	<a href="#">102-36</a>	Process for determining remuneration	<a href="#">2021 Proxy Statement</a> Director compensation, pages 33-35; Compensation discussion and analysis, pages 39-69
	<a href="#">102-37</a>	Stakeholders' involvement in remuneration	Stakeholder engagement, page 35 <a href="#">2021 Proxy Statement</a> Our strategy – Stockholder engagement, page 21; Say-on-pay vote, page 51
	<a href="#">102-38</a>	Annual total compensation ratio	<a href="#">2021 Proxy Statement</a> Other compensation matters – CEO pay ratio, page 69



SASB	GRI	GRI DISCLOSURE TITLE	RESPONSE OR DISCLOSURE LOCATION
	102-40	List of stakeholder groups	Stakeholder engagement, page 35
	102-41	Collective bargaining agreements	Approximately 200 of our employees are subject to a collective bargaining agreement.
	102-43	Approach to stakeholder engagement	Stakeholder engagement, page 35
	102-44	Key topics and concerns raised	Stakeholder engagement, page 35
	102-45	Entities included in the consolidated financial statements	<a href="#">2021 Form 10-K</a> Item 8. Financial Statements and Supplementary Data, pages 32-72
	102-46	Defining report content and topic Boundaries	About this report, page 2
	102-47	List of material topics	Our ESG focus areas, page 11
	102-48	Restatements of information	Not applicable.
	102-49	Changes in reporting	This is the inaugural report.
	102-50	Reporting period	About this report, page 2
	102-51	Date of most recent report	This is the inaugural report.
	102-52	Reporting cycle	Our current expectation is to issue an ESG report annually.
	102-53	Contact point for questions regarding the report	About this report, page 2
	102-54	Claims of reporting in accordance with the GRI Standards	About this report, page 2
	102-55	GRI content index	GRI and SASB index, pages 45-60
	103-1	Explanation of the material topic and its Boundary	About this report, page 2

SASB	GRI	GRI DISCLOSURE TITLE	RESPONSE OR DISCLOSURE LOCATION
<b>PROCUREMENT PRACTICES</b>			
	103-1	Explanation of the material topic and its Boundary	About this report, page 2 Our approach to ESG, page 11 Supplier expectations, pages 38-39 Ethics hotline, page 37
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
<b>ANTI-CORRUPTION</b>			
	103-1	Explanation of the material topic and its Boundary	About this report, page 2 Our approach to ESG, page 11 Ethics hotline, page 37 Global anti-corruption policy, page 37
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
RT-AE-510a.3	205-2	Communication and training about anti-corruption policies and procedures	Global anti-corruption policy, page 37
RT-AE-510a.1	205-3	Confirmed incidents of corruption and actions taken	AAR discloses material legal proceedings in its SEC reports.
RT-AE-510a.2		Revenue from countries ranked in the "E" or "F" Band of Transparency International's Government Defence Anti-Corruption Index	2021 Form 10-K Note 14, Business Segment Information, pages 68-71 We report sales in North America, Europe/Africa and Other. We do not put revenues from other geographic areas in the public domain due to commercial confidentiality.
<b>ANTI-COMPETITIVE BEHAVIOR</b>			
	103-1	Explanation of the material topic and its Boundary	About this report, page 2 Our approach to ESG, page 11 Our Code of Conduct and related policies, page 36
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	

SASB	GRI	GRI DISCLOSURE TITLE	RESPONSE OR DISCLOSURE LOCATION
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	AAR discloses material legal proceedings in its SEC reports.
<b>MATERIALS</b>			
	103-1	Explanation of the material topic and its Boundary	Our approach to ESG, page 11 Waste prevention and reduction, page 14 <u>2021 Form 10-K</u> Item 1. Business – Raw Materials, page 4
RT-AE-440a.1	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
	301-2	Recycled input materials used	AAR is generally engaged in limited manufacturing activities.
	301-3	Reclaimed products and their packaging materials	Waste prevention and reduction, page 14
<b>ENERGY</b>			
	103-1	Explanation of the material topic and its Boundary	About this report, page 2 Our approach to ESG, page 11 Environmental data collection and management – Energy, page 17 Facilities highlights, page 18
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
RT-AE-130a.1	302-1	Energy consumption within the organization	Environmental data collection and management – Energy, page 17 (1) Total energy consumed in Fiscal Year 2021 was 663,589 (GJ), or 184,330 (MWh), which consisted of 499,587 (GJ), or 138,774 (MWh), of natural gas and 164,002 (GJ), or 45,556 (MWh), of electricity. (2) Grid electricity in FY 2021 represented 24.7% of the overall energy consumed. (3) 0% of energy consumed, beyond the renewable portion of the electricity grid mix, is from renewable sources. Note about environmental data: The current reporting boundary for our Energy and Emissions data consists of our MRO and manufacturing facilities in the United States and Canada, as well as our corporate headquarters. We believe these sites have the most significant impact on our footprint. Data is excluded from sites with less than 10 individuals or where we may have a significant presence, but no control of the operations. For example, we have excluded the locations where we engage in work contracted by government agencies, but where financial control is maintained by these agencies.

SASB	GRI	GRI DISCLOSURE TITLE	RESPONSE OR DISCLOSURE LOCATION
	302-3	Energy intensity	In Fiscal Year 2021, our energy intensity was 111.6 MWh/\$M or 401.7 GJ/\$M compared to 94.2 MWh/\$M or 339.1 GJ/\$M in Fiscal Year 2020.
<b>WATER AND EFFLUENTS</b>			
	103-1	Explanation of the material topic and its Boundary	About this report, page 2 Our approach to ESG, page 11
	103-2	The management approach and its components	Environmental data collection and management – Water, page 17 Facilities highlights, page 18
	103-3	Evaluation of the management approach	
<b>EMISSIONS</b>			
	103-1	Explanation of the material topic and its Boundary	About this report, page 2 Our approach to ESG, page 11
	103-2	The management approach and its components	Environmental data collection and management – Emissions, page 17 Facilities highlights, page 18
	103-3	Evaluation of the management approach	
	305-1	Direct (Scope 1) GHG emissions	Environmental data collection and management – Emissions, page 17
	305-2	Energy indirect (Scope 2) GHG emissions	Environmental data collection and management – Emissions, page 17
	305-4	GHG emissions intensity	In Fiscal Year 2021, our emissions intensity was 26.8 MT CO <sub>2</sub> e/\$M compared to 24.4 MT CO <sub>2</sub> e/\$M in Fiscal Year 2020.
RT-AE-410a.1		Revenue from alternative energy-related products	AAR CORP. does not generate revenue from alternative energy-related products.
RT-AE-410a.2		Description of approach and discussion of strategy to address fuel economy and greenhouse gas (GHG) emissions of products	Aviation Services, AAR's primary business segment, provides aftermarket support and services. AAR is generally engaged in limited manufacturing activities. We have limited control of use-phase emissions as our customers dictate flight plans and flight paths. However, in our maintenance and repair operations, we are continuing to investigate ways to minimize the use of jet fuel in diagnostic testing and repair situations.

SASB	GRI	GRI DISCLOSURE TITLE	RESPONSE OR DISCLOSURE LOCATION
<b>WASTE</b>			
	103-1	Explanation of the material topic and its Boundary	About this report, page 2
	103-2	The management approach and its components	Our approach to ESG, page 11 Waste prevention and reduction, page 14
	103-3	Evaluation of the management approach	Environmental data collection and management – Waste, page 17 Facilities highlights, page 18
	306-1	Waste generation and significant waste-related impacts	Waste prevention and reduction, page 14 Environmental data collection and management – Waste, page 17
	306-2	Management of significant waste-related impacts	Waste prevention and reduction, page 14 Environmental data collection and management – Waste, page 17
RT-AE-150a.1 RT-AE-150a.2	306-3	Waste generated	As we advance our ESG program, AAR will consider the inclusion of diverted and landfilled hazardous waste for public disclosure. We are currently evaluating systems and processes to consistently report our consumption volumes across sites, relative to the potential impact.
	306-4	Waste diverted from disposal	
	306-5	Waste directed to disposal	
RT-AE-150a.2		Number and aggregate quantity of reportable spills, quantity recovered	There were no significant spills in FY21. AAR consumes fuel from natural gas for heating. Other sources include propane for forklifts, gasoline for vehicles, and diesel for back-up generation. However, we believe these are considered de minimis and not reported. While we consume jet fuel in our operations within the reporting boundaries, we also believe jet fuel use to be immaterial to our overall energy consumption.
<b>ENVIRONMENTAL COMPLIANCE</b>			
	103-1	Explanation of the material topic and its Boundary	Our approach to ESG, page 11 Our environmental impacts and initiatives, pages 13-14
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
	307-1	Non-compliance with environmental laws and regulations	AAR discloses material legal proceedings in its SEC reports.

SASB	GRI	GRI DISCLOSURE TITLE	RESPONSE OR DISCLOSURE LOCATION
<b>SUPPLIER ENVIRONMENTAL ASSESSMENT</b>			
	103-1	Explanation of the material topic and its Boundary	About this report, page 2
	103-2	The management approach and its components	Our approach to ESG, page 11 Supplier expectations, page 38
	103-3	Evaluation of the management approach	Ethics hotline, page 37
<b>EMPLOYMENT</b>			
	103-1	Explanation of the material topic and its Boundary	About this report, page 2
	103-2	The management approach and its components	Our approach to ESG, page 11 Supporting our employees, pages 20-25
	103-3	Evaluation of the management approach	
	401-1	New employee hires and employee turnover	AAR considers this information to be confidential.
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Recruitment and retention – Employee benefits, page 24
	401-3	Parental leave	Recruitment and retention – Employee benefits, page 24
<b>OCCUPATIONAL HEALTH AND SAFETY</b>			
	103-1	Explanation of the material topic and its Boundary	About this report, page 2
	103-2	The management approach and its components	Our approach to ESG, page 11 Complying with safety standards, pages 40-42
	103-3	Evaluation of the management approach	Health and wellness, page 25
	403-1	Occupational health and safety management system	Complying with safety standards – APRISe®:AAR Performance Reporting Information System, page 41
	403-2	Hazard identification, risk assessment, and incident investigation	Complying with safety standards – Safety policies and culture of reporting, page 40

SASB	GRI	GRI DISCLOSURE TITLE	RESPONSE OR DISCLOSURE LOCATION
	403-3	Occupational health services	Health and wellness, page 25 Complying with safety standards – APRiSe®:AAR Performance Reporting Information System, page 41
	403-4	Worker participation, consultation, and communication on occupational health and safety	Complying with safety standards – APRiSe®:AAR Performance Reporting Information System, page 40 We have joint management-worker health and safety committees at our MRO facilities, which are comprised of a combination of management and employees.
	403-5	Worker training on occupational health and safety	Complying with safety standards – Employee aviation safety training, page 42
	403-6	Promotion of worker health	Health and wellness, page 25
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Complying with safety standards, pages 40-42
	403-8	Workers covered by an occupational health and safety management system	Complying with safety standards – APRiSe®:AAR Performance Reporting Information System, page 41
	403-9	Work-related injuries	AAR considers this information to be confidential.
	403-10	Work-related ill health	AAR considers this information to be confidential.
<b>TRAINING AND EDUCATION</b>			
	103-1	Explanation of the material topic and its Boundary	About this report, page 2 Our approach to ESG, page 11 Training and development, page 24
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
	404-1	Average hours of training per year per employee	Since we started live training sessions in February 2019, we have conducted approximately 4,779 hours in total of training (not including talent reviews, introductions to new programs and online training).

SASB	GRI	GRI DISCLOSURE TITLE	RESPONSE OR DISCLOSURE LOCATION
	404-2	Programs for upgrading employee skills and transition assistance programs	Training and development, page 24
	404-3	Percentage of employees receiving regular performance and career development reviews	Training and development, page 24 All employees receive an annual performance review.
<b>DIVERSITY AND EQUAL OPPORTUNITY</b>			
	103-1	Explanation of the material topic and its Boundary	About this report, page 2 Our approach to ESG, page 11 Diversity and inclusion, page 21
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
	405-1	Diversity of governance bodies and employees	Supporting our employees – Workforce overview, page 20
<b>NON-DISCRIMINATION</b>			
	103-1	Explanation of the material topic and its Boundary	About this report, page 2 Our approach to ESG, page 11 Our Code of Conduct and related policies, pages 35-36 Supplier expectations, pages 38-39 Public Diversity Statement, page 21
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
	406-1	Incidents of discrimination and corrective actions taken	AAR discloses material legal proceedings in its SEC reports.
<b>CHILD LABOR</b>			
	103-1	Explanation of the material topic and its Boundary	About this report, page 2 Our approach to ESG, page 11 Our Code of Conduct and related policies, page 36 Supplier expectations, pages 38-39
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	



SASB	GRI	GRI DISCLOSURE TITLE	RESPONSE OR DISCLOSURE LOCATION
<b>FORCED OR COMPULSORY LABOR</b>			
	103-1	Explanation of the material topic and its Boundary	About this report, page 2
	103-2	The management approach and its components	Our approach to ESG, page 11
	103-3	Evaluation of the management approach	Our Code of Conduct and related policies, page 36 Supplier expectations, pages 38-39
<b>HUMAN RIGHTS ASSESSMENT</b>			
	103-1	Explanation of the material topic and its Boundary	About this report, page 2
	103-2	The management approach and its components	Our approach to ESG, page 11
	103-3	Evaluation of the management approach	Our Code of Conduct and related policies, page 36 Supplier expectations, pages 38-39
	412-2	Employee training on human rights policies or procedures	Our Code of Conduct and related policies, page 36
<b>LOCAL COMMUNITIES</b>			
	103-1	Explanation of the material topic and its Boundary	About this report, page 2
	103-2	The management approach and its components	Our approach to ESG, page 11
	103-3	Evaluation of the management approach	Supporting communities, pages 26-31
<b>SUPPLIER SOCIAL ASSESSMENT</b>			
	103-1	Explanation of the material topic and its Boundary	About this report, page 2
	103-2	The management approach and its components	Our approach to ESG, page 11
	103-3	Evaluation of the management approach	Supplier expectations, pages 38-39 Ethics hotline, page 37

SASB	GRI	GRI DISCLOSURE TITLE	RESPONSE OR DISCLOSURE LOCATION
<b>PUBLIC POLICY</b>			
	103-1	Explanation of the material topic and its Boundary	About this report, page 2 Our approach to ESG, page 11 Political engagement, page 43
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
	415-1	Political contributions	Political engagement, page 43 <a href="https://www.aarcorp.com/investor-relations/political-engagement/">https://www.aarcorp.com/investor-relations/political-engagement/</a>
<b>CUSTOMER HEALTH AND SAFETY</b>			
	103-1	Explanation of the material topic and its Boundary	About this report, page 2 Our approach to ESG, page 11 Complying with safety standards, pages 40-42
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
	416-1	Assessment of the health and safety impacts of product and service categories	AAR considers this information to be confidential.
RT-AE-250a.4	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	AAR discloses material legal proceedings in its SEC reports.
RT-AE-250a.1		Number of recalls issued, total units recalled	AAR considers this information to be confidential.
RT-AE-250a.2		Number of counterfeit parts detected, percentage avoided	AAR considers this information to be confidential.
RT-AE-250a.3		Number of Airworthiness Directives received, total units affected	All Airworthiness Directives are publicly available. The most recent information concerning those directives can be found on the appropriate regulatory sites.

SASB	GRI	GRI DISCLOSURE TITLE	RESPONSE OR DISCLOSURE LOCATION
<b>CUSTOMER PRIVACY</b>			
	103-1	Explanation of the material topic and its Boundary	About this report, page 2 Our approach to ESG, page 11 Cybersecurity, page 43 <u>2021 Proxy Statement</u> – Risk Management, page 24
RT-AE-230a.2	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
RT-AE-230a.1	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	AAR discloses material legal proceedings in its SEC reports.
<b>SOCIOECONOMIC COMPLIANCE</b>			
	103-1	Explanation of the material topic and its Boundary	About this report, page 2 Our approach to ESG, page 11 Our Code of Conduct and related policies, pages 35-36
	103-2	The management approach and its components	
	103-3	Evaluation of the management approach	
	419-1	Non-compliance with laws and regulations in the social and economic area	AAR discloses material legal proceedings in its SEC reports.

## SASB Table 2. Activity metrics

ACTIVITY METRIC	CATEGORY	UNIT OF MEASURE	CODE	RESPONSE	REFERENCE
Production by reportable segment	Quantitative	Number	RT-AE-000.A	The company is continuing to evaluate this reporting element.	
Number of employees	Quantitative	Number	RT-AE-000.B	Supporting our employees, page 20	

## Membership of associations

- AFA – Air Force Association
- Aerospace Defense & Security Group – ADS Through Life Service Special Interest Group
- AIA – Aerospace Industries Association
- AREA – Augmented Reality Enterprise Alliance
- ARSA – Aeronautical Repair Station
- ASA – Aviation Supplies & Academics
- AUSA – Association of the US Army
- Choose Aerospace
- AWAM – Association for Women in Aviation Maintenance
- Embry Riddle Aeronautical Asia – Singapore
- ERAA – European Regions Airline Association
- ISTAT – International Society of Transport
- NAG – Netherlands Aerospace Group
- NDIA – National Defense Industrial Association
- NGAUS – National Guard Association of the US
- NDTA – National Defense Transportation Association
- NBAA – National Business Aviation Association
- NIVD – Foundation Dutch Industries for Defense and Security
- Quad A (AAAA) – Army Aviation Association of America
- RAeS – Royal Aeronautical Society
- PSC – Professional Services Council
- BCIU – Business Council for International Understanding
- LOA – Logistics Officers Associations
- BENS – Business Executives for National Security
- DII – Defense Industry Initiative on Business Ethics and Conduct

## Forward-looking statements

This 2021 ESG Report contains certain statements relating to future results, which are forward-looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Forward-looking statements often address our expected future operating and financial performance and financial condition, or sustainability targets, goals, commitments, and other business plans, and often contain words such as “anticipate,” “believe,” “expect,” “plan,” “estimate,” “project,” “continue,” “will,” “should,” and similar terms. These forward-looking statements are based on the beliefs of management, as well as assumptions and estimates based on information available to us as of the dates such assumptions and estimates are made, and are subject to certain risks and uncertainties, that could cause actual results to differ materially from those anticipated, including: (i) factors that adversely affect the commercial aviation industry; (ii) the continued impact of the COVID-19 pandemic on air travel, worldwide commercial activity and our and our customers’ ability to source parts and components; (iii) a reduction in the level of sales to the branches, agencies and departments of the U.S. government and their contractors (which were 44.7% of total sales in FY 2021); (iv) non-compliance with laws and regulations relating to the formation, administration and performance of our U.S. government contracts; (v) cost overruns and losses on fixed-price contracts; (vi) nonperformance by subcontractors or suppliers; (vii) changes in or non-compliance

with laws and regulations that may affect certain of our aviation and government and defense related activities that are subject to licensing, certification and other regulatory requirements imposed by the FAA, the U.S. State Department and other regulatory agencies, both domestic and foreign; (viii) a reduction in outsourcing of maintenance activity by airlines; (ix) a shortage of the skilled personnel on whom we depend to operate our business, or work stoppages; (x) competition from other companies, including original equipment manufacturers, some of which have greater financial resources than we do; (xi) financial and operational risks arising as a result of operating internationally; (xii) inability to integrate acquisitions effectively and execute our operational and financial plan related to the acquisitions; (xiii) inability to recover our costs due to fluctuations in market values for aviation products and equipment caused by various factors, including reductions in air travel, airline bankruptcies, consolidations and fleet reductions; (xiv) asset impairment charges that may be required to recognize to reflect the non-recoverability of our assets or lowered expectations regarding businesses we have acquired; (xv) limitations on our ability to access the debt and equity capital markets or to draw down funds under loan agreements; (xvi) non-compliance with restrictive and financial covenants contained in certain of our loan agreements and government funding received under the CARES Act; (xvii) restrictions on paying, or failure to maintain or pay, dividends; (xviii) exposure

to product liability and property claims that may be in excess of our liability insurance coverage; (xix) threats to our systems technology from equipment failures, cyber and other security breaches or other disruptions; (xx) the costs of compliance, and liability for non-compliance, with environmental regulations, including future requirements regarding climate change; and (xxi) a need to make significant capital expenditures to keep pace with technological developments in our industry. Should one or more of those risks or uncertainties materialize adversely, or should underlying assumptions or estimates prove incorrect, actual results may vary materially from those described. Those events and uncertainties are difficult or impossible to predict accurately and many are beyond our control.

For a discussion of these and other risks and uncertainties, see our Annual Report on Form 10-K, Part I, “Item 1A, Risk Factors” and our Quarterly Reports on Form 10-Q. The risks described in these reports are not the only risks we face, as additional risks and uncertainties not currently known or foreseeable or risks that are currently deemed immaterial may materially adversely affect our business, financial condition or results of operations in future periods. We assume no obligation to update any forward-looking statements to reflect events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.