

A JOINT ENVIRONMENTAL INITIATIVE BETWEEN



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Sustainable Aerospace Material



Our partnership

In December of 2020, AAR and FTAI announced an exclusive seven-year partnership to distribute CFM56 used serviceable material ("USM"). The partnership builds USM inventory for the global aviation aftermarket and for FTAI's own consumption at The Module Factory™.

Through its worldwide network, AAR manages the teardown, repair, marketing and sales of spare parts from FTAI's CFM56 engine pool totaling over 200+ engines. FTAI and AAR expect to teardown between 20-40 CFM56 engines per year, resulting in one of the largest independent inventories worldwide.

AAR CORP. (NYSE: AIR)

AAR is an independent provider of aviation services to commercial and government customers in over 100 countries.

AAR is proud to provide sustainable and efficient solutions to commercial airlines, the U.S. government and its allies.

[AAR CORP. ESG webpage](#)

FTAI Aviation (NYSE:FTAI)

FTAI Aviation is a wholly owned subsidiary of Fortress Transportation and Infrastructure Investors LLC.

FTAI Aviation provides a complete suite of aftermarket commercial aviation products ranging from aircraft and engine leasing to engine maintenance support.

[FTAI Aviation ReCycle webpage](#)



Industry dilemma

In 2009, the international aviation industry set the following targets to address climate change.

- I. Stabilize net CO₂ emissions at 2019 levels with carbon-neutral growth (updated from 2020 due to the covid-19 pandemic).
- II. Reduce aviation's net CO₂ emissions to half of what they were in 2005, by 2050.

Since then, airlines have faced increasing pressure from the flying public, media, investors, and regulators to achieve these goals.

Our solution

Sustainable Aerospace Material Program

FTAI and AAR's new initiative highlights the environmental benefits of USM and affords customers a path to reduce their overall carbon footprint.

Together, we commit to contributing on average 1% of all sales generated through our partnership towards the purchase of verified carbon credits for our customers at no additional cost. Customers will receive a quarterly report with their total CO₂ offsets.



CO₂ offset annual contribution¹

1%

of all partnership sales

100%

verified carbon credits

100,000

metric tons per annum

1. Assumes \$100m in annual sales; \$10 per carbon offset; Average of 1% of all partnership sales.



Carbon calculator

Consuming USM is inherently sustainable.

In collaboration with KPMG, we have calculated the carbon savings associated with recycling used material compared to the production and purchase of new parts.

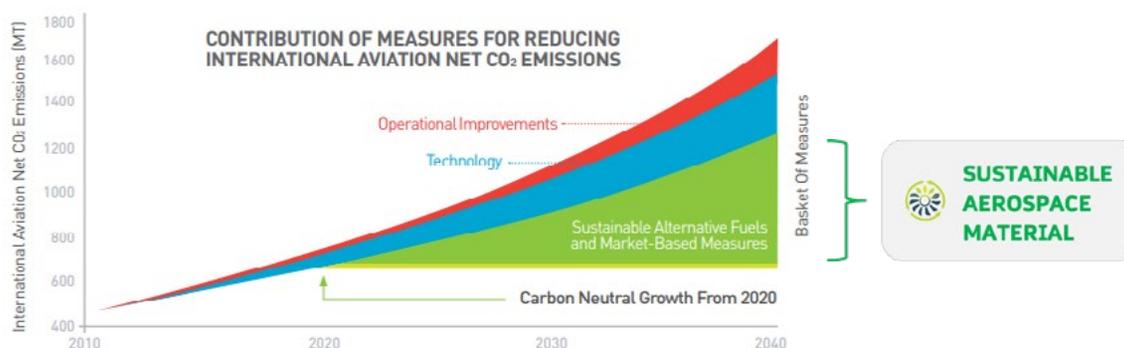
[Click here to see the results](#)



ICAO & CORSIA



In 2016, the 39th International Civil Aviation Organization (ICAO) Assembly concluded with the adoption of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA). CORSIA outlined a way to measure, collect, and verify carbon emissions growth in international aviation. Once the emissions calculation is standardized, CORSIA outlined the administration including the purchase and retirement of offsets which allow operators to neutralize their carbon emissions growth. Under the scheme, operators are required to purchase and cancel “verified emissions units” to offset the increase in CO₂ emissions in scope of the scheme on a periodic basis.



Source: ICAO web brochure (https://www.icao.int/environmental-protection/Documents/ICAOEnvironmental_Brochure-1UP_Final.pdf)

Carbon offsets contributed to our customers never expire and can be used to offset emissions as-needed now or any time in the future.